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ABSTRACT

The purpose of this document is to orient new system staff and advisory council members to their roles and responsibilities in the Texas Library System. It contains information on the history, governance, funding, services, and administration of the systems. Chapter 1 contains a discussion of the history of library systems in Texas and some key concepts of public library development and systems. Chapter 2 examines the governance of the system at the regional level and the role of the state library and archives commission in system governance. Chapter 3 presents the system funding formula and trends in system services. Chapter 4 covers basic aspects of the administration of systems, including financial management, performance management, planning, and other administrative areas. Finally, Chapter 5 identifies other documents essential for system management. An outline/summary of the roles and responsibilities of advisory council members prepared by Alice Ihrig is appended. (JLB)

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Texas Library System

SYSTEM ORIENTATION MANUAL

ED 375 862

Produced by
Texas State Library
Library Development Division
October 1988
Updated July 1994

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Texas Library System

SYSTEM ORIENTATION MANUAL

SYSTEMS

BCLS	*Big Country Library System*
CTLS	*Central Texas Library System*
HALS	*Houston Area Library System*
NETLS	*Northeast Texas Library System*
NTRLS	*North Texas Regional Library System*
SAALS	*San Antonio Area Library System*
STLS	*South Texas Library System*
TPLS	*Texas Panhandle Library System*
TTPLS	*Texas Trans-Pecos Library System*
WTLS	*West Texas Library System*

Texas State Library
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PREFACE

Several years ago, an editorial board consisting of Patricia Smith and Jim Scheppke of the State Library and Cathy Caine, Coordinator of the Central Texas Library System produced the first edition of the *System Orientation Manual*. The Manual has changed somewhat since the first edition; however, the purpose is to continue to orient new system staff and advisory council members to their roles and resposibilities. The Manual contains information on the history, governance, funding, services and administration of the systems.

We hope that systems will keep copies of the *System Orientation Manual* on hand to use for new staff orientation and to give to new advisory council members. We will be revising the manual annually to keep it current with changes occurring in the systems and at the State Library.

The first edition of the Manual relied upon a forerunner entitled *The Texas System Advisory Council Information Booklet* as well as a draft of the manual written by System Coordinators and other materials, articles and documents. Other contributors included Colonel Charles Nelson, member of the South Texas Library System Advisory Council; Raymond Hitt, Director of the Library Development Division of the Texas State Library; Elizabeth Crabb, Coordinator of the Northeast Texas Library System; and Alice Ihrig, noted authority on library trusteeship.

"The Formative Years of Library Systems in Texas," included in Chapter 1, originally appeared in A Study of the Texas Library System, prepared by the Public Administration Service in 1976.

In Chapter 2, "System Governance at the Regional Level" was adapted from an article written by Colonel Charles Nelson which appeared in the Texas System Advisory Council Information Booklet (1982). "A Chronology of Library Systems in Texas: 1962 to the Present" was originally compiled by Elizabeth Crabb. It has been updated since by Patricia Smith, Lisa deGruyter and Mark Smith. "Public Library Development and Systems: Some Key Concepts" was adapted from Colonel Nelson's article "The Public Library and the Texas Library System" which originally appeared in the Texas System Advisory Council Information Booklet (1982).

Chapter 3, "System Funding and System Services" was prepared by Patricia Smith and updated by Lisa deGruyter.

Chapter 4, "The Administration of Systems" was originally written by Jim Scheppke, revised for the 1988 edition by Catherine Lee, Grants Administrator, and for the 1991 edition by Mark Smith.

In Chapter 5, "System Working Documents" was written for the first edition as "Notes for New Coordinators on Important System Documents" by Cathy Caine, then Coordinator of the Central Texas Library System.

This edition was edited by Mark Smith, Library Systems Administrator. Sarah Woelfel, Publications Assistant, designed the cover and prepared the page layout. Renée Graham, Office Manager, and Cyndi Holder, Grants Administrative Assistant, assisted with editing and proofreading.

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by Alice Ihrig

CHAPTER ONE

The Role of Systems in Public Library Development in Texas

I. The Formative Years of Library Systems in Texas

Statewide library development was a key issue with members of the Texas Library Association for at least a decade prior to adoption in 1969 of the Library Systems Act. In 1962, the Library Development Committee of the Association was charged with the responsibility of designing a basic plan that would upgrade individual libraries, and, at the same time, provide for cooperation among libraries at the local, district, regional, and state level. The Skeletal Plan for Statewide Library Development, as it was called, was the first such plan for Texas that envisioned the systems concept (*Texas Libraries*, 1963, pp. 53-69). The pattern of service recommended in the Plan was based on cooperation among all types of libraries and did not limit participation to just those libraries supported by tax dollars collected at the local level. The Plan also called for revision of the library laws of Texas, for checking the feasibility of implementing voluntary certification of librarians, and for the accreditation of libraries. The Association then began five years of work publicizing the Plan and campaigning for the improvement of statewide library services. Other developments also occurred during these formative years that individually or in combination provided impetus to adoption of the Library Systems Act.

In July 1963, a subcommittee of the Library Development Committee began preparing standards for public libraries serving areas containing 50,000 or more residents. For libraries serving fewer people, the Committee recommended the adoption of the American Library Association's Interim Standards for Small Public Libraries (*Texas Library Journal*, 1964a, p. 30). Standards were later devised for school library programs and for college and university libraries. These published standards, along with the supplementary "Guidelines for Measuring Progress" (*Texas Library Journal*, 1965a, pp. 24-27) provided the goals and measures deemed important for implementing the Statewide Plan for Library Development, as the "Skeletal Plan" later came to be known.

Suggestions were made by members of the Library Development Committee's Subcommittee on Library Laws that also indicated a growing interest in systems. As early as 1966, the Committee supported the idea of state aid to libraries with a formula favoring systems over individual libraries (*Texas Library Journal*, 1966, p. 22).

Influence of State Grants in Fostering Library Development

Grassroots endeavors of this nature to bring about governmental action on an important public need are a significant part of the system of self government of this democracy. Additionally, federal library programs also were influencing the course of library affairs in state government. The State Library was greatly aided by these programs in its attempts to foster library development throughout the state. The provisions of the 1964 Library Services and Construction Act (LSCA) and the adoption of enabling state laws gave the agency a powerful means of assisting libraries. The State Library designated the Field Services Division authority to administer the federally sponsored program in Texas. Millions of federally distributed dollars brought library activities to a level of dynamism exceeding any time in the country's history. There was no doubt in anyone's mind that one objective of the federal program was, and still is, to encourage a greater level of state participation in library development and ultimately for the states to assume primary responsibility for many of the programs initiated by federal funds.

Federal funds were allocated to those local libraries that showed a willingness to improve service through increased local tax support and to those that indicated a desire to improve service to a level set in the Standards and Guidelines approved by the Texas Library Association. Multicounty library systems also were encouraged by the State Library staff (*Texas Library Journal*, 1964b, p. 50).

A state plan for the utilization of the LSCA funds divided public libraries into three groups according to population served. Along the lines suggested in the Skeletal Plan for Statewide Library Development, the State Library Plan designated libraries serving the largest segment of population as Major Resource Centers; those serving populations from 10,000 to 199,999 were designated as Size II libraries or Resource Centers; and those libraries serving populations under 10,000 were termed Area Centers or Size III libraries.

In August 1966, three years after the designation of libraries according to population served, members of the State Library staff met with the Library Association's Library Development Committee to set up ten service areas in the State. Each service area or district was formed around a Major Resource Center Library. The districts also formed the boundaries for field consultant services provided by the Texas State Library staff.

Later they were to become the basis for organizing cooperative library systems. Cooperative efforts varied in the ten districts and included interlibrary loan reference referral for the smaller libraries, centralized book processing, compilation of area union lists of serials, and the establishment of workshops conducted for librarians by the Major Resource Centers.

The Library Systems Act Is Approved

The First Texas *Governor's Conference on Libraries* was held March 23, 1966, in Austin. Its impact on the acceptance of the systems concept by the lay person was far-reaching. Over two thousand interested citizens and professionals dedicated to the idea of better library service to Texans attended the daylong meeting. Enthusiasm was high and there were suggestions for drafting legislation calling for state aid to libraries, the aid to be administered under a systems plan (*Governor's Conference on Libraries*, 1966, p. 32). Systems already were in operation in some states and similar preparatory steps were being taken in others. Conferees returned home to begin lobbying for such legislation to be introduced at the next meeting of the Legislature in January 1967.

The Texas Library Association's Legislative Committee began preparing a library systems bill, but the Committee was unable to complete the final draft in time for introduction by the 1967 Legislature. The Committee's completed version was presented to the members of the Texas Library Association at the annual conference held in the spring of 1968. Members were urged to publicize the Systems Code so that legislative support would be assured for passage of the bill in 1969. The Task Force Committee created in 1967 by the Executive Board of the Library Association intensified its promotional efforts through a statewide public relations campaign. Staff members of the Texas State Library served as consultants to the Task Force Committee. In addition, the Association retained the services of an attorney to assist in the legal aspects of getting the Systems Code passed into law. A Citizen's Committee made up of prominent businessmen and civic leaders lent its support to the Bill (*Texas Libraries*, 1969, pp. 4-5).

On February 6, 1969, Senate Bill 122 was introduced in the Senate by Senators Jack Hightower and A.M. Aikin, Jr. On February 11, a companion bill, H.B. 260, was introduced in the House of Representatives by Joe Shannon, Jr. The language of both bills closely followed that drafted by the Legislative Committee of the Library Association with one important exception: the Association draft carried no provisions for allocating funds by formula. The House version of the systems bill, amended in the Senate to provide a formula for dispersing funds to the systems, finally passed both houses and was sent to Governor Preston Smith on March 17, 1969. The Governor signed the Systems Act into law March 20, 1969 (*Texas Libraries*, 1969, pp. 3-4).

Although the actual passage of the Systems Act took only forty legislative days, its passage was the culmination of seven years of joint effort between the Texas Library Association and the Texas State Library to make the Statewide Plan for Library Development a plan backed by law.

The Texas State Library and Historical Commission (later called Texas State Library and Archives Commission), the governing body of the State Library, was designated by the new law to administer library systems in the state. The State Library had been charged from 1909 to encourage libraries but because of its limited means it had served only a modest role in this respect. Over the years it had been required to direct much of its attention to serving the State Government itself. The LSCA program had enabled the State Library to focus more of its energy on libraries throughout the state, primarily public libraries in accordance with federal guidelines. Now, at long last, an improved state mechanism had been created for aiding and cooperating with libraries.

The Library Systems Act of 1969 did not reflect precisely, however, the 1964 Skeletal Plan for Statewide Library Development. That plan recommended a multitype library system. The Act, however, dealt only with public libraries and excluded all other types of libraries from membership and from system benefits. The resulting public library systems could contract with other types of libraries to obtain services but were not authorized to extend services. This legal requirement led, therefore, to the creation of systems with membership limited to public libraries.

The Implementation of the Library Systems Act

The passage of the Library Systems Act did not result, however, in an immediate flowering of library cooperation under its provisions. The initial state appropriation was for only $25,000, sufficient merely to employ a single staff member as a planner. Nothing was made available for program execution. In FY72 the first of four annual program appropriations, each for $50,000, was approved by the state legislature. This amount was distributed to the ten district library systems according to the legal formula in the Systems Act. It was barely enough to keep the systems concept alive. Skeptics were reinforced.

At this low point in the history of cooperative library development, the State Library, aided by the fortuitous availability of LSCA funds received after a long delay, decided that a critical time had come for infusing life into the moribund Systems Act. An entire year's federal appropriation under LSCA, totaling approximately $1.8 million, was allocated to systems development in FY75. This was intended to enable the ten organized systems to demonstrate their ability to plan, organize, staff, and direct cooperative services at a level originally intended but until then impossible.

At the same time, a renewed effort was initiated to inform the State Legislature of the dire need of Texas citizens for more adequate public library services, which were lagging well behind national levels. Based on two-year plans of service prepared by the ten systems, the State Library asked for state appropriations of $2.8 million in FY76 and $3.9 million in FY77. Although reduced to about one and two million dollars respectively, the Legislature then made its first important appropriations in support of cooperative library development. The first year's state appropriation of one million dollars for systems operations would be supplemented again, under state legislation, by LSCA funds of approximately $1.8 million. The total thus planned for FY76 exceeded the first year of substantial funding by an amount of one million dollars.

Consequently, the aspirations expressed by the Texas Library Association in 1964 began to be realized ten years later, even though only public libraries rather than all libraries were to be the direct beneficiaries. The responsibility was now passed to the public libraries of Texas to demonstrate their ability to work collectively under the new law and to achieve a much higher level of library service for their patrons, one which could not have been achieved by continuing under more isolated, unstructured arrangements. They were provided $1.8 million in FY75, and expected $2.8 million in FY76, and a minimum of $2 million in FY77 even without expected but unspecified federal funds. The challenge was passed to the ten district library systems, and it remains there at this time, to prove that the promise of better library service through cooperative endeavor can be effectively carried out. Continued public support of this concept rests on their forthcoming record of performance.

II. A Chronology of Library Systems in Texas: 1962 to the Present

1962 Texas Library Association (TLA) Library Development Committee was charged with designing a plan to upgrade libraries and provide for cooperation.

1963 Skeletal Plan for Statewide Library Development published.

1964 Texas plan for utilizing LSCA funds developed; it included the Skeletal Plan's designation of three sizes of public libraries.

Federal Library Services and Construction Act was revised to help develop all libraries within a state, not just rural ones.

1966 First Texas Governor's Conference on Libraries met. Delegates suggested drafting legislation for state aid to libraries which would be administered under a system plan.

State Library staff and TLA committee established ten service areas; each area was formed around a Major Resource Center Public Library.

1968 Library Systems bill prepared by TLA Legislative Committee, and presented to TLA members.

TLA Task Force publicized the proposed bill. Citizen's committee supported bill.

1969 Senate Bill 122 introduced by Senator Jack Hightower and Senator A.M.

Aikin, Jr. House Bill 260 introduced by Representative Joe Shannon, Jr.

House bill amended to include a funding formula.

Library Systems Act passed by both Houses and signed by Governor Preston Smith.

$25,000 appropriated from state funds for systems. A system planner was employed at the State Library.

1971 $50,000 for each year appropriated for systems in FY 1972 and FY 1973; it was distributed to the systems according to the funding formula.

1974 State Library allocated $1.8 million from LSCA funds for system support.

Campaign began for adequate state funding of systems.

1975 Legislature allocated $1 million for systems for FY 1976 and

$2 million for FY 1977. State Library continued to allocate LSCA funds to supplement state funding.

Public Administration Service (PAS) was employed by State Library to review the Library Systems Act.

1976 PAS study presented to TLA members and to State Library. The Commission accepted the study, but took no further action.

1977 Legislature allocated $2,134,803 for FY 1978 and $2,103,380 for FY1979 for systems. State Library continued to supplement systems with LSCA funds.

1978 Texas Conference on Library and Information Services met. Two system resolutions were adopted:

That systems and Library Development be given a higher priority (Level 4) in State Library budget and that the Library and Archives Commission "work diligently to achieve this goal in the 1979 Legislature."

That funding for statewide library development be aggressively sought for the 1980-81 biennium at the level of $1.00 per capita.

1979 TLA ad hoc committee proposed a revised Library Systems Act to include all types of libraries. Proposal tabled by TLA members.

Texans for Libraries was established as a spin-off of the Texas Conference for Library and Information Services and the White House Conference. As an incorporated group of lay persons, members worked toward $1.00 per capita for statewide library development to be approved by the Legislature in 1981.

1980 Library Systems Act Advisory Board was requested to determine a method of evaluating and reviewing the Library Systems Act.

1981 Texas Legislature allocated $4.3 million for FY 1982 and $4.4 million for FY 1983 for statewide library development program, which raised state funding from $0.16 to $0.31 per capita.

Texas State Library and Archives Commission began certifying county librarians, which was a function previously performed by the State Board of Library Examiners.

1982 Library Systems Act Advisory Board completed its study of the Library Systems Act, which recommended that (a) each system have the option of admitting school, public, and academic libraries, and that (b) each system be given the option of being governed by a Major Resource Center (MRC) or by a membership elected governing board.

Texas Library Association Council approved recommendations of the Texas Library Association Executive Board and Legislative Committee supporting greater flexibility in the Library Systems Act. Systems would be permitted to become membership based rather than governed by MRCs. School, academic, and special libraries would be admitted as members.

Sunset Advisory Commission reviewed the statutes and mission of the Texas State Library and Archives Commission, with open hearings held in October 1982 to review the staff report.

Texas Library Association's Legislative Committee and Public Libraries Division jointly created an ad hoc committee to study direct aid grants to public libraries.

1983 Texas Legislature approved a slight increase in funding for the Statewide Library Development Program increasing from approximately $4.4 million in state funding to $5.2 million in FY 1984 and $5.9 million in FY 1985.

Texas Legislature passed the Sunset Advisory Commission's recommendation to extend the life of the Texas State Library and Archives Commission through 1995. The Legislature also approved changes to the Library Systems Act permitting a major resource system to reorganize as a nonprofit corporation and then to become multi-type.

Texas Library Association's Council approved a recommendation by the Legislative Committee to endorse direct aid grants to public libraries as a legislative goal in the 1986-87 biennium.

The Northeast Texas Library System became the first system to initiate governance changes. In order to avoid high indirect cost rates at the City of Dallas, NETLS requested that the Texas State Library and Archives Commission designate Garland as the system's new MRC.

Effective with FY 1983 system grants, the Texas State Library implemented a new grants management system authorized under the state's Uniform Grant and Contract Management Act of 1981. Under this program, all grants are managed in accordance with Office of Management and Budget's Circular A-102.

1988 The Attorney General ruled that the definitions of "Major Resource System" and "regional library system" in the Library Systems Act allowed only public libraries to be members of systems.

Circular A-102 becomes applicable only to state agencies and other direct Federal grantees; replaced for subgrantees such as systems by the "Common Rule", applicable beginning with SFY 1990 grants.

1992 The Texas State Library and Archives Commission approve revisions to Rule §1.64 of the *Rules for Administering the Library System Act*, dropping the requirement that Regional Library Systems maintain a cash reserve equal to 25% of their annual operating grant.

1993 The Library Systems Act is amended to enable membership in regional library systems by all publicly funded libraries and library institutions of higher education.

1994 The North Texas Regional Library System becomes the first non-profit organization to submit a proposed plan of service.

III. Public Library Development and Systems: Some Key Concepts

The Library Systems Act, adopted in 1969, enabled the Texas State Library and Archives Commission, acting through the Texas State Library, to establish a state library system consisting of a network of public library systems, related, by contract, to the state.

While the Act enabled the Commission to encourage and assist in the establishment of individual public libraries, the Commission is not authorized or required to establish such libraries itself. The Commission is only authorized to bring existing public libraries together in a system formed to improve statewide library service and to serve, collectively, the entire population of the state.

To accomplish this, the Act authorized the Commission to divide the state into geographical regions, each including at least 4,000 square miles, and to designate a large public library in each region as a Major Resource Center (MRC).

The Commission was also authorized to establish standards as a prerequisite for system membership, with membership being on a voluntary basis. Within each region, the libraries which applied for membership and met accreditation standards were attached to the regional MRC for system services. These services were funded and provided through contracts made between the MRC's municipal government and the State Library.

Public libraries depend almost entirely on local support, most of which comes from city or county governing bodies through appropriation of local public funds. Historically, local government has been very reluctant to appropriate funds for library support in Texas, and this has substantially hindered library development at the local level.

To accomplish its objective of improving statewide library service through a state system, the Commission first had to encourage increased local library support. This was done with an incentive arrangement. Local support efforts were necessary to meet system membership accreditation standards, but membership also provided services which, in many cases, could not be afforded locally.

In FY 1983, 79% of the public libraries reporting to the Texas State Library qualified for and accepted state system membership. By FY 1992, this figure rose to 95% of the libraries reporting. Over these eight years, the total number of public libraries increased from 428 to 487, or 13%. At the same time, the number of libraries qualifying for membership increased 36%, from 338 to 461. This suggests that system services are successful in improving local library services, especially since this growth in accredited libraries has taken place during a decline in the Texas economy.

How Public Libraries Are Established

The references cited here may be found by their section numbers in Vernon's Texas Code Annotated (VTCA) or Vernon's Annotated Civil Statutes (VACS).

Many of the public libraries in Texas were informally established by women's clubs, then later formally and legally established as municipal public libraries, county free libraries, or libraries operated by nonprofit corporations but open to the public. Here, we are only concerned with the manner in which public libraries are legally established.

Local Government Code Section 315.005 (VTCA) enables city governing bodies to establish municipal public libraries. Adopted in 1874, this article is brief, broad, and permissive, allowing city government wide latitude in the manner of establishment.

Local Government Code Sections 323.001 through 323.013 enable or, in some instances, require county commissioners' courts to establish county free libraries, to join with cities and/or other counties to provide library service, and to contract for library services with already established libraries such as those operated by non-profit corporations, cities, or other counties.

Privately funded libraries open to the public may be established under the provisions of Article 1396, VACS, the Texas Non-Profit Corporation Act. A library established under the Texas Non-Profit Corporation Act must receive its financial support in whole or in part from public funds and be freely open to all persons to be designated as a "public library."

Under the provisions of Article 4413(32C), VACS, the Texas Interlocal Cooperation Act, cities and counties may also make agreements or contracts concerning library services for the public. The intent of this act is to avoid duplication of services at the local governance level, and agreements made under provisions of the act do not necessarily involve the full scope of all public library services. For example, a county library might agree to provide bookmobile service for a city library, with both libraries continuing independent operation otherwise.

Public Library Service at the Local Level

A variety of configurations of public library service exist at the city and county levels of local government, each of which must be considered in relation to the state library system and to system membership. These situations include:

(1) Unserved counties in which there are no county or municipal libraries, and in which no arrangement has been made to contract for service from an already established library located outside the county.

(2) Counties in which the only service is provided by a county free library.

(3) Counties in which the only service is provided by a municipal public library, funded entirely by the municipality.

(4) Counties in which a county free library and one or more municipal libraries operate independently of each other.

(5) Counties in which a county library and one or more municipal libraries have joined in a consolidated library system, operating under one governing body with one of these libraries designated as the main library and the others as branch libraries.

(6) Counties which have joined by contract to provide a multi-county library service, operating under one governing body.

(7) Situations in which two or more independent libraries in one or more counties have joined by contract to form a federated library system, with each library retaining its independence, but with a "headquarters" set up for the system to provide services which all libraries share, such as automated cataloging or central purchasing.

(8) Counties or municipalities which receive service from a privately funded library, operated by a non-profit corporation, and which allocate public funds to support this library.

Qualification for System Membership

Under authority given by the Library Systems Act (Government Code 441.121 through 441.138, VTCA), the State Library and Archives Commission adopts Rules for Administrating the Library Systems Act which establish policy for the Texas Library System. These include standards which public libraries must attain to qualify for system membership.

While other criteria sometimes apply, the standards of most concern are annual per capita local expenditures, library collection size, staffing, and hours of operation. Each of these four standards vary according to the size of the population which the library serves.

The Commission's policy has been to grant membership to individual public libraries, to consolidated library systems as systems, and to federated library systems as a group. Therefore, when we speak of a system "member," we may be speaking of an individual library, a consolidated local system, or a federated local system. This is an important consideration in system affairs at regional and local levels for two reasons. The individual public library and the consolidated system operate under one local governing body, while the federated system does not. Also, the regional MRC provides service to the main library of a consolidated system, not to its branches, but service is given directly to each member of a federated system.

In some instances, the difficulty of smaller libraries to qualify for state system membership has led to forming local consolidated or federated systems. However, as a local policy, some federated systems require all of their libraries to qualify independently for state system membership, even though such membership is awarded to the federated system as a unit. An example of such an arrangement is the Hidalgo County Library System.

Participation In System Affairs

After qualifying for membership, the public library, consolidated system, or federated system can take an active part in the development of both regional and state system policies and services. But this participation is essentially voluntary. The influence which the system member has on such matters depends on the effort which the member makes.

The Library Systems Act requires the governing body of each state system member to biennially elect or appoint a lay representative. Within each region, lay representatives meet once a year to fill vacancies on an elected six-member major resource advisory council. If necessary, other general meetings of the membership may be held during the year.

The advisory councils are regional advisory library boards, formed to advise and assist the MRC in matters concerning system services. But in addition to this advisory responsibility, the *Rules for Administering the Library System Act* give such councils another function which has become very important in system affairs. This is to review all MRC-proposed plans, programs of service, and budget estimates, and to indicate agreement or disagreement before such documents are sent to the State Library for final action.

The State Library and Archives Commission receives funds for Texas Library System operation from both state and federal sources. After the expenses of the State Library itself have been met, the Library Systems Act requires that remaining state funds be allocated to the ten regional systems, with 25% being divided equally among the regions and the other 75% being apportioned according to population. Available federal funds are allocated on the same basis. Each year, the State Library informs each MRC of the approximate amount of funds which that MRC can anticipate for the coming state fiscal year, which begins on September 1. With this as a general guide, the MRC, with advice from its advisory council and regional system membership, updates its long-range plan of service and prepares a detailed proposed annual plan of service and budget estimate. When this has been approved by the State Library, a contract with the MRC's municipality to provide the services in question is prepared.

This procedure gives the MRC substantial latitude to develop regional programs and to determine the regional funding priorities for these programs. Through the advisory council's program and budget review function, the regional membership can assist in and influence this regional programming. Usually this is accomplished by program evaluation and planning committees consisting of member librarians and lay representatives appointed by and reporting to the advisory council. But the manner in which this is done is determined by regional policy and is not necessarily the same in all regions.

In theory, each member librarian and each lay representative have equal opportunity to participate in regional system planning and policy determination. But in fact, small library participation is limited by staffing and by funds available for travel, which can involve distances of several hundred miles for round trips. Experience suggests that large libraries tend to participate more actively and more consistently in system affairs than do small libraries.

Some library systems have attempted to encourage small library participation by dividing themselves into two or more areas, giving small libraries better opportunity to participate in area meetings, whose recommendations are then presented at regional meetings and to advisory councils.

Nonprofit Corporation Governance

Following sunset review of the Texas State Library and Archives Commission in the 1983 legislative session, major resource systems were given the statutory authorization to reorganize as nonprofit corporations. This authority to reorganize was in response to the concern raised by some library leaders that systems were not always satisfactorily managed. The concern was that the MRC, which provides regional services, is governed by its municipality, not by a regional body. In a few cases, policies or operating procedures of the municipality directly conflicted with the will of the system members.

There was also significant concern that the administrative costs (i.e., indirect costs) paid to the municipality for managing the grant were excessively high in some cases. Another motivation for amending the Library Systems Act was the issue of property ownership. In systems considering major automation projects, some members fear the loss of their right to own the property if the MRC ever drops out of the project. In situations where the MRC has contributed significantly to the cost of the automation equipment, separating the equipment between participating parties could be difficult.

Another intended product of the sunset process was that a system which had reorganized itself as a nonprofit corporation could become multitype. The nonprofit corporation's board of directors would have the authority to adopt bylaws which "include provisions for the participation of libraries." Only the nonprofit corporation, or "regional library system" as it is called in the amended Library Systems Act, would have this prerogative. A 1988 Attorney General's opinion ruled that the definition of "Major Resource System" and "regional library system" in the Library Systems Act precluded system membership by other than public libraries. However, legislation passed in 1993 allows membership in a regional library system by any publicly owned library and any library of an institution of higher education.

In order to reorganize as a nonprofit corporation, the major resource system members must desire this reorganization and must ensure that their libraries' governing bodies (i.e., city councils, commissioners courts, and boards of directors) approve the action. Two-thirds of these governing authorities must approve the action before it becomes reality.

Until 1993, regional library systems were required to maintain a substantial cash reserve. The Commission adopted a rules change in 1993 requiring that rather than maintain the cash reserve, regional systems provide documentation to demonstrate evidence of fiscal responsibility. This rules change made non-profit governance a much more attainable goal. In response, the North Texas Regional Library System, whose membership had long pursued reorganization, became the first non-profit corporation to be awarded a contract to provide system services.

CHAPTER TWO

The Governance of Systems

I. The Regional Level

Governing Authority

Governing authority can only be exercised by a single legally established governing body. At the state level, governing authority over the Texas Library System is exercised by the State Library and Archives Commission.

At the regional level, governing authority over services provided is exercised by the Major Resource Center's municipal governing body, acting as a contractor with the State Library. The regional "system" is not a legal entity, nor does the region, as a region, have any governing authority over system matters. The Major Resource Center is responsible for planning, organizing, staffing, and directing system services. Funds received for the plan are deposited into city accounts and are expended by the MRC for purposes specified in the annual plan of service. These monies are subject to an annual single audit as required by OMB Circular A-128 "Audits of state and local governments."

Each Major Resource Center submits an annual plan of system services to the State Library. The State Library staff is responsible for reviewing the plan and certifying its acceptance by June 30. If the State Librarian, after consulting with the Major Resource System, finds the plan unacceptable, the State Librarian may recommend that the Commission revoke the MRC's designation or withhold funds from the system until the plan is acceptably redrawn. If the plan is not redrawn satisfactorily, the Commission will hold a public hearing in the system to exchange information among the State Library, member librarians, the system advisory council, and the MRC. If, following this hearing, the plan is still not satisfactory, the Commission may revoke the MRC's designation, thereby dissolving the system. We have been fortunate that conflicts involving the plans of service have been resolved with few problems in the past, due in large part to the willingness of all parties to compromise and negotiate.

Role of Local Member Libraries

The Library Systems Act provides that the powers of the Major Resource Center's governing body in no way diminish the powers of local government (Local Government Code, Section 315.005, VTCA).

At the local level, there are several governance situations:

(1) The municipal public library, governed by the city's governing body (Local Government Code, Section 323.001, VTCA).

(2) The county free library, governed by the county commissioners court (Local Government Code, Section 315.005, VTCA).

(3) The library operated by a nonprofit corporation, governed by a board of directors or trustees (Article 1396-2.14, VACS).

(4) A consolidated library system, formed when a county free library and one or more municipal libraries in the county join under one governing body, either county or city as may be locally determined, with one library being declared as the main library and the others as branches.

(5) A federated library system, formed when two or more independent libraries in one or more counties retain their independence and separate governance but contract between themselves to set up a system headquarters for the purpose of providing common use services, such as automated cataloging. Arrangements of this type can be made under the Texas Interlocal Cooperation Act (Article 4413-32c, VACS).

In the case of a nonprofit organization, the library board has governing authority over the member library.

In the case of the county free library or municipal public library, governing authority rests with the county commissioners' court or city council.

The primary role which the member library board has in system affairs is to advise and assist the library in its actions to remain qualified for system membership by meeting accreditation standards. The board may also initiate recommendations for regional or state policies concerning system matters. Or it may report system services which the board considers particularly helpful or unsatisfactory.

Library trustees often serve as lay representatives, although lay representatives are not required to be library trustees.

Role of Lay Representatives and Member Librarians

Member librarians are appointed by local governing bodies. Lay representatives are appointed or elected by such bodies to serve a term of two years, with no limit on the number of terms served. Unlike council members, these individuals' expenses to meetings are not reimbursed by the system.

During the annual meeting of lay representatives in every system, the representatives elect individuals from among their group to fill council vacancies. Lay representatives may be elected to serve not more than two consecutive three-year terms on regional advisory councils. Both lay representatives and member librarians serve on regional system committees and may, from time to time, serve on state committees as well. Both lay representatives and member librarians attend system business and planning meetings, complete system questionnaires ranking the services, serve on committees, and participate in the system decision-making process.

Unlike council members, lay representatives and member librarians can freely advocate a position most favorable to the local library. Council members, on the other hand, represent the interests of the entire region, which may or may not coincide with local priorities. Some libraries replace their official lay representatives when their representative is elected to council.

Voting by lay representatives is proportional, or weighted, by the population served by the respective libraries. The purpose of this change, which was approved by the Texas Legislature in 1983, is to give larger libraries a greater share of the vote. Any vote in which the lay representatives' opinions are sought will be taken in accordance with the state-adopted rule on proportional voting.

Role of System Advisory Councils

The Library Systems Act calls for the creation of a system advisory council in each major resource system, composed of six citizens whose purpose is to "serve as a liaison between the member libraries and their governing bodies and library board to:

- advise in the formulation of the annual plan of service to be offered by the system;
- recommend policies appropriate to services needed;
- evaluate services received;
- counsel with administrative personnel; and
- recommend functions and limitations of contracts between cooperating agencies."

Their duties are clarified in the *Rules for Administering the Library Systems Act*, which require that all official planning documents (annual plan of service, long range plan, bylaws, contract amendments) be reviewed by the council. The council chairman must sign a Certification of Review by the System Advisory Council and must submit this document to the State Library. If a majority of the council indicates dissatisfaction with any document, the dissatisfaction is noted, thus activating a review by the State Library staff and possibly by the Texas State Library and Archives Commission.

The system advisory councils are also charged by the State Library to review the requests by the system staff or MRC director for changes or revisions to the annual program. Such changes may take the form of contract amendments or may simply be scope changes, which are changes in the method by which a program is implemented.

To assist in program evaluation and in the review of proposed programs and budgets, the regional advisory councils can appoint committees of member librarians and lay persons. This enables the regional membership to take an active part in developing programs which meet regional needs and interests and in determining the funding priorities for these programs, within the limit of total regional funding. The recommendations of the regional membership and advisory council are not binding on the MRC. The MRC's municipal government may override these recommendations when completing contract arrangements with the State Library.

To orient new advisory council members and to provide more experienced council members with an opportunity to share ideas with their counterparts, the Texas State Library hosts a statewide advisory council conference in the fall of even-numbered years in Austin. Council members are encouraged to attend at the expense of their library system. It is the ongoing responsibility of the MRC director and system coordinator to constantly orient and assist council members by providing them with information. Under the *Rules for Administering the Library Systems Act*, systems must provide council members and member librarians with audits, expenditure reports and other fiscal information, as well as program evaluation reports. In addition to these types of documents, orientation is an ongoing process and is not limited to periodic meetings or reports.

New system coordinators and advisory council members should review the bylaws of the individual system to determine the frequency of council meetings and the process for participating in the development of the system annual and long-range plans. In most instances, the bylaws specify when meetings to review these important documents are held. Generally system coordinators should place any revisions to the budgets or annual programs on the agenda.

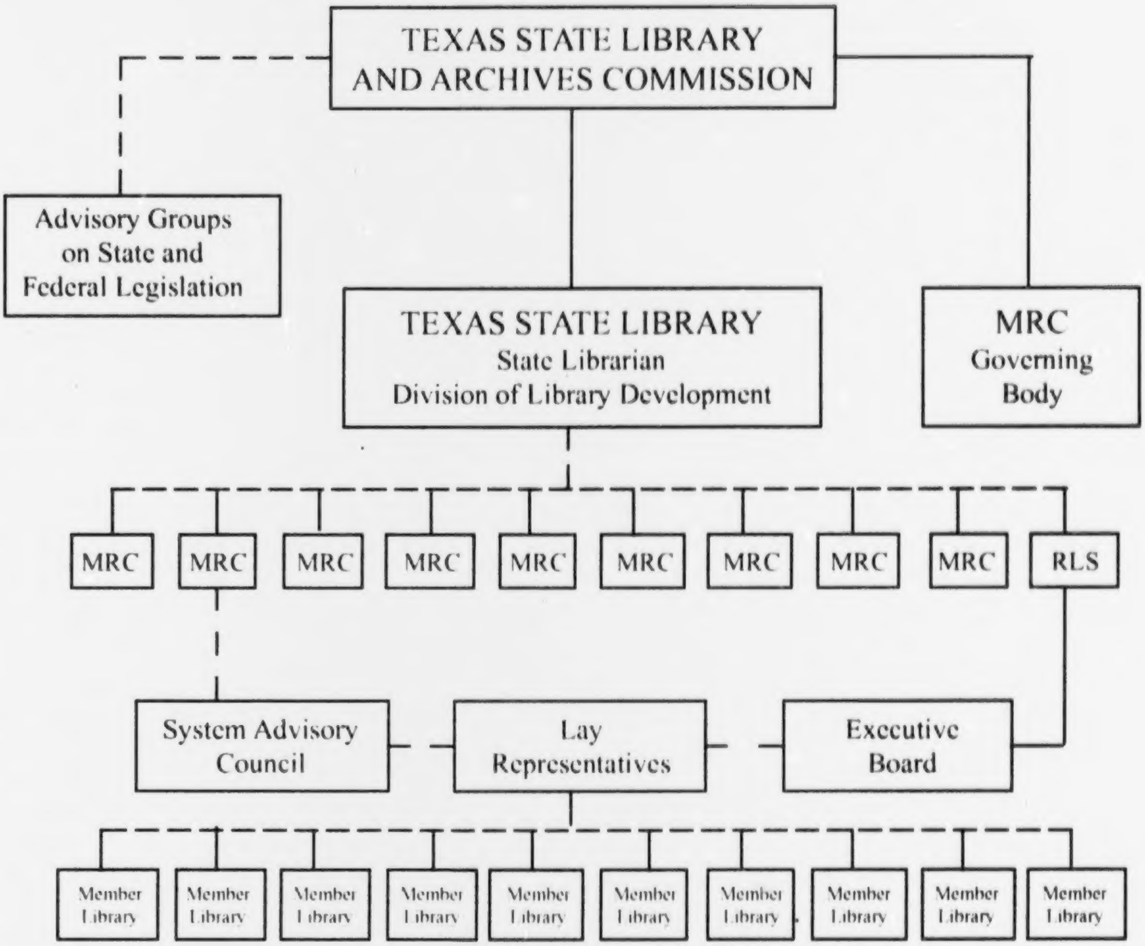
In accordance with the amended Library Systems Act, it is possible for a system council to have more than one representative from a single library. Each system's bylaws can include a policy determining whether there will be proportional representation.

Organizational Chart

We cannot prepare a conventional organizational chart for the Texas Library System because there is no line of governance which runs from state level to the system member level. We can indicate the flow of system actions, shown by solid lines on the chart (Figure 1) which follows.

Dotted lines indicate the flow of advisory actions and recommendations, moving upwards from member level. Note that member communications do not necessarily have to pass through the MRCs but can go directly to state level.

Figure 1 ORGANIZATION OF THE STATE LIBRARY SYSTEM



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II. The State Level

The State Library and Archives Commission

The State Library and Archives Commission was created in 1909 by an act of the Texas Legislature. It is composed of six members appointed by the Governor and approved by the Senate, who hold membership for terms of six years. The responsibilities of the Commission have been augmented from time to time. The 1961 legislature made clear that the "Commission shall be responsible for the adoption of all policies, rules and regulations so as to aid and encourage libraries...." It is notable that in the 1983 legislative session, the Commission was specifically charged with coordinating library development, which is a broad power to coordinate services among academic, public, school, and special libraries. Inclusion of this authority was the result of tireless efforts of many librarians in the state who lobbied the Sunset Advisory Commission.

The law also provides (Government Code, Section 441.006, VTCA) that "the Commission shall conduct library institutes and encourage library associations." The implications of these provisions include an educational role for the State Library on behalf of all libraries, and professional and library development through associations of librarians.

Some of the legal provisions relating to the Library Commission pertain to its role in connection with public libraries in particular, as institutions of special interest to the state. A basic responsibility of the Commission is "to adopt a state plan for improving public library services and for public library construction." The law specifically calls for the plan to include county and municipal libraries, and calls for it to specify "a procedure by which county and municipal libraries may apply for money under the state plan...." The Commission is authorized to enter into contracts with local authorities for meeting federal requirements in the expenditure of federal funds for improving public libraries, and to accept and administer federal funds for that purpose.

The Commission has a consultative role with respect to public libraries, being charged by law with giving advice regarding the establishment of public libraries, and in operational aspects including book selection, cataloging, and library management (Government Code, Section 441.006, VTCA).

The Library Systems Act places ultimate responsibility for system governance with the Texas State Library and Archives Commission, in that the Commission is charged with the following:

Establish and develop major resource systems in conformity with the plan for a state library system as provided in the Library Systems Act. (Government Code, Section 441.126, VTCA)

Appoint an advisory board of five librarians qualified by training, experience, and interest to advise the Commission on the policy to be followed in the application of the provisions of this Act. (GC, Section 441.124, VCTA)

Establish and develop a state library system. (GC, Section 441.123, VTCA)

Establish library standards to be used to determine eligibility for membership in the system. (GC, Section 441.127(a), VTCA)

Reorganize, merge, or partially transfer systems with the approval of the majority of the appropriate governing bodies of the libraries comprising the system in order to address population changes, economic changes, or changing service strengths of member libraries. (GC, Section 441.127(b), VTCA)

Enter into contracts and agreements with the governing bodies of other libraries, including but not limited to other public libraries, school libraries and media centers, academic libraries, technical information and research libraries, or systems of such libraries, to provide specialized resources and services to the major resource system. (GC, Section 441.128(d), VCTA)

Designate major resource centers. Designation shall be made from existing public libraries on the basis of criteria approved by the Commission and agreed to by the governing body of the library involved. (GC, Section 441.132(a), VTCA)

Revoke the designation of a major resource center which ceases to meet the criteria for a major resource center or which fails to comply with obligations stated in the resolution or ordinance agreements. The Commission shall provide a fair hearing at the request of the major resource center. (GC, Section 441.132(b), VTCA)

Designate Area and Community libraries. (GC, Section 441.133(a))

Revoke the designation of an Area or Community library. (GC, Section 441.133(b) and 441.134(b), VTCA)

Promulgate rules and regulations for the administration of the Library Systems Act. (GC, Section 441.136, VTCA)

The current members of the Texas State Library and Archives Commission, with their addresses and terms of service, can be found in the directory portion of the current *Texas Public Library Statistics*.

The State Librarian

The State Librarian is the executive and administrative officer of the Commission. As such he assists the Commission in the formulation of policy and carries out the programs authorized by the Commission in accordance with the law. He appoints personnel at the State Library. He is also required to ascertain the condition of all public libraries and report the results, which is done through the annual *Texas Public Library Statistics*.

The 1969 Library Systems Act expanded the State Librarian's responsibilities to include serving as the chief executive officer of the law. Specifically, the State Librarian's responsibilities under the law are the following:

Submission of an initial plan for the establishment of the state library system and an annual plan for the development of the system for review by the advisory board and approval by the Commission. (GC, Section 441.125, VTCA)

Review of the initial and annual plan of service for the major resource system which has been submitted by the governing body of a public library proposing to become a major resource center. (GC, Section 441.127(c), VTCA)

With the advice of the advisory board, formulation of proposed initial and revised rules and regulations necessary to the administration of the program of state grants. (GC, Section 441.136(a), VTCA)

Administration of the program of state grants and promulgation of rules and regulations approved by the Commission. (GC, Section 441.137)

The State Librarian is William D. Gooch, Texas State Library, Box 12927, Capitol Station, Austin, Texas 78711. He may be reached at 512/463-5460.

The Library Systems Act Advisory Board

This five member board is appointed by the Commission to a three-year term, with the possibility of one reappointment to a successive term. Its role is to "advise the Commission on the policy to be followed in the application of the provisions of the Library Systems Act."

Usually two or three meetings are held annually for the purpose of reviewing system rules and recommending policies for administering the system program.

The current members of the Library Systems Act Advisory Board, with their addresses and terms of service, can be found in the directory portion of the current *Texas Public Library Statistics*.

By law, only persons qualified by "training and experience" in librarianship may serve on the board. Commission members always welcome nominations to this board when they consider appointments, usually during August of each year.

The LSCA Advisory Council

The Library Services and Construction Act (LSCA) Advisory Council is representative of the citizenry of the library community, including the disadvantaged, the blind, the institutionalized, and various types and sizes of libraries. Appointed by the Texas State Library and Archives Commission for three-year terms, the members of the LSCA Advisory Council have the following responsibilities:

Review the State Plan, as prepared by the Texas State Library staff.

Recommend any changes in the State Plan for consideration by the Texas State Library staff and the Texas State Library and Archives Commission.

Rank the projects described in the annual program in priority order for approval by the Texas State Library and Archives Commission.

Recommend to the Texas State Library staff and the Texas State Library and Archives Commission any policies or procedures to improve the administration of the LSCA program.

Review proposals submitted for Title III funding.

The Council's purpose is to advise the Commission on programs which are entirely or partially funded from federal LSCA sources, with regard to funding priorities for these programs, and with regard to Commission policies concerning the programs.

The scope of the Council's responsibilities are much broader than the Texas Library System, but the system does receive a substantial part of the LSCA funds allocated at the Council's recommendation.

Some of the related areas with which the Council is concerned include fund allocation for the state interlibrary loan network, the MRC bibliographic network, and the review of the Title III proposals for multi-type cooperation.

The current members of the Library Services and Construction Act Advisory Council, with their addresses and terms of service, can be found in the directory portion of the current *Texas Public Library Statistics*.

The Library Development Division

This division of the State Library, which replaced the Field Services Division in 1972, is the major operating arm of the State Library for executing responsibilities under the Library Systems Act. The major responsibilities of each component of the division are discussed briefly below.

Office of the Director. The director is responsible for the overall planning, financial management, and supervision of the division's two departments within the framework of state policies and applicable rules and regulations of the Library Services and Construction Act and the Library Systems Act. The director works under the Assistant State Librarian, and confers frequently with the State Librarian regarding budgetary, administrative, and operational matters pertaining to the division.

Consulting and Continuing Education Department. This department is responsible for the management and operation of the following statewide services:

Library Science Collection: Provides materials, reference service, and technical assistance on all aspects of librarianship to any librarian or member of the public.

Continuing Education Services: Designs and conducts workshops for librarians and library board members. Produces instructional manuals to complement workshops or to be used as self-study guides. Publicizes training opportunities.

Consulting Services: Provides advice and technical assistance to librarians on a wide variety of topics. Areas of particular expertise include establishing local libraries, automation of library activities, library services to special groups, children's services and storytelling, and continuing education activities.

Texas Reading Club: Provides professionally produced posters, bookmarks, reading logs, and certificates for the annual reading clubs sponsored by local libraries.

Institutional Services: Operates a federally funded project to purchase books for public residential institutions, such as state hospitals, prisons, and state schools.

Jobline: Operates a telephone recording service which announces job vacancies in the state.

Informational Materials Distribution: Produces and distributes a wide variety of materials (e.g., a newsletter) to inform and aid librarians.

The staff of Consulting and Continuing Education includes the manager, four consultants, and the library science librarian.

Library Systems and Networks Department. Library Systems and Networks is responsible for discharging the duties of the Texas State Library as mandated by the Library Services and Construction Act (LSCA) and the Library Systems Act (LSA). Generally charged with planning, monitoring, and evaluating a statewide network of regional library systems and interlibrary loan centers, the department performs the following primary functions:

Texas State Library Communications Network (TexNet): Provides loans of library materials and answers to reference questions through interlibrary loan referral centers in ten of the largest Texas public libraries. Services are available to public, special, two-year and four-year academic libraries via telephone, mail, and computer (OCLC).

Establishes and implements a system to administer state and federal grants and negotiates, prepares, and monitors contract performance standards in accordance with state and federal statutes and regulations.

Prepares and periodically updates a long-range plan for statewide library development.

Designs reporting instruments and procedures for the collection and analysis of data to assess the status of Texas library services.

Reviews and recommends funding for LSCA and LSA project applications.

Establishes procedures and criteria to evaluate major resource systems and local library performance, and to provide program documentation required by LSA and LSCA.

Provides assistance to the Major Resource Systems in planning and implementing cooperative library programs.

Studies and recommends new or revised legislation or policies for the improvement of library services.

Obtains citizen input for statewide planning and development through the Library Systems Act Advisory Board, Library Services and Construction Act Advisory Council, and other advisory bodies.

Prepares training materials and conducts training sessions for system coordinators.

The department consists of the TexNet Administrator, and the Library Systems Administrator who report to the Director of Library Development.

Figure 2 provides an organization chart for the division and a listing of individuals with those particular assignments directly affecting system staffs.

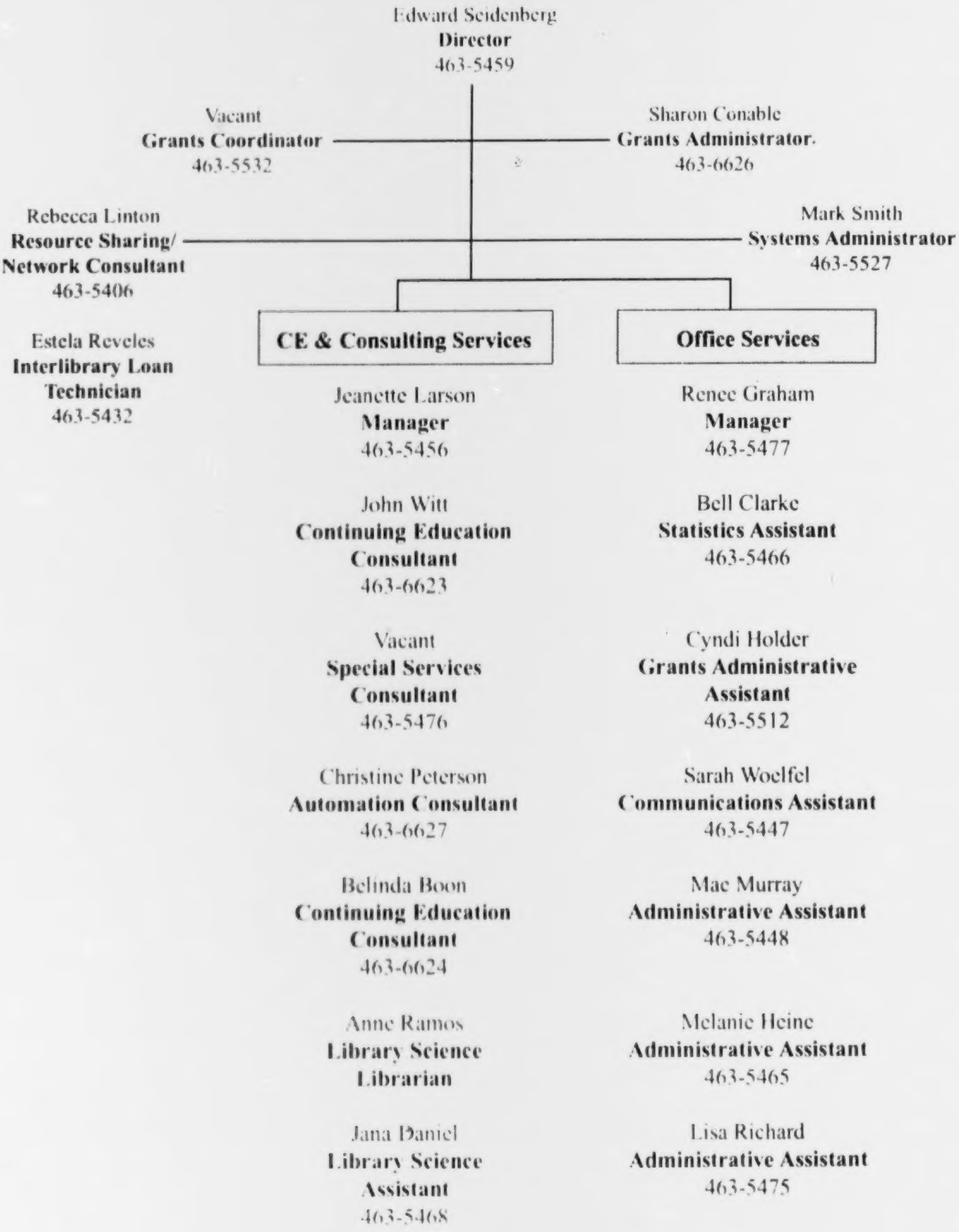
Library Development Division Personnel and Responsibilities

Edward Seidenberg, Director. Responsible for all aspects of the division's work program. Serves as project manager for the county librarian's certification program.

Grants Coordinator (vacant). Documents goals and objectives for statewide library development and prepares federal LSCA long-range plan. Consults with local libraries and systems of libraries in planning and evaluation techniques. Formulates and recommends library and system policies based on research data. Reviews for accuracy and completeness annual and long-range plans of service prepared by the systems. Specifies data gathering and analysis requirements for Library Development Division. Recommends indicators to measure efficiency and effectiveness of library services for systems and local libraries. Serves as Project Manager for Title III, MURLs and Establishment grant projects.

Figure 2

Library Development Division Staff Organization Chart



Edward Seidenberg
Director
463-5459

Vacant
Grants Coordinator
463-5532

Sharon Conable
Grants Administrator.
463-6626

Rebecca Linton
Resource Sharing/ Network Consultant
463-5406

Mark Smith
Systems Administrator
463-5527

Estela Reveles
Interlibrary Loan Technician
463-5432

CE & Consulting Services

Jeanette Larson
Manager
463-5456

John Witt
Continuing Education Consultant
463-6623

Vacant
Special Services Consultant
463-5476

Christine Peterson
Automation Consultant
463-6627

Belinda Boon
Continuing Education Consultant
463-6624

Anne Ramos
Library Science Librarian

Jana Daniel
Library Science Assistant
463-5468

Office Services

Renee Graham
Manager
463-5477

Bell Clarke
Statistics Assistant
463-5466

Cyndi Holder
Grants Administrative Assistant
463-5512

Sarah Woelfel
Communications Assistant
463-5447

Mae Murray
Administrative Assistant
463-5448

Melanie Heine
Administrative Assistant
463-5465

Lisa Richard
Administrative Assistant
463-5475

Sharon Conable, Grants Administrator. Recommends audit, property management, and fiscal policies for all subgrantees. Prepares auditing manuals and conducts occasional on-site audits. Determines audit exceptions and their resolutions. Prepares federal documentation and federal/state expenditure reports.

Mark Smith, Library Systems Administrator. Oversees Administration of Library System grants. Reviews system plans and assists system coordinators with programmatic and fiscal matters. Assists in the accreditation of public libraries. Coordinates production of *Texas Public Library Statistics*.

Renee Graham, Office Manager. Supervises administrative assistants and other Office Services support staff.

Bell Clarke, Statistics Assistant. Processes annual reports submitted by public libraries. Accredits public libraries for system membership. Processes applications for County Librarian Certification. Coordinates information for the publication of *Texas Public Library Statistics*. Assembles miscellaneous data related to library operations upon request.

Cyndi Holder, Grants Administrative Assistant. Types, assembles, mails, and checks in contracts and contract packets. Processes amendments to contracts approved by project managers. Uses word processor to compile list of property and prepares property inventory packets. Enters Standardized Reporting Form from systems into database.

Jeanette Larson, Manager, Continuing Education and Consulting. Supervises consultant staff. Oversees continuing education services for librarians, and the library science collection. Prepares and controls budgets for continuing education and consulting activity. Edits Library Developments newsletter, a publication of the division available free to subscribers.

Rebecca Linton, Network Consultant. Negotiates and monitors interlibrary loan contracts with resource libraries. Assists in management and operation of TexNet. Provides technical assistance and instruction to ILL librarians in referral centers. Updates ILL user manuals and ILL operational procedures. Assists in developing plans for sharing library resources, communications, and technology among different types of libraries.

Christine Peterson, Automation Consultant. Consults with librarians, system staff, and others in area of computer applications. Provides assistance and guidance to local library staffs on tasks and issues in library automation. Plans, implements, and evaluates continuing education program in computer technology. Provides technical advice in the review of prior approval and grant application requests to the State Library.

John Witt, Continuing Education and Library Management Consultant. Provides workshops and consulting services in the areas of organizational development, long range planning, reference services, and other topics. Prepares calendar of continuing education opportunities and works with other continuing education providers to meet the expressed needs of Texas librarians for training and development.

Belinda Boon, Continuing Education Consultant. Consults with public librarians, library system staff, library associations, library governing boards, interested citizens, and librarians in other types of libraries in the areas of staff development, continuing education, trustees, library operations, management, and children's services. Plans, implements and evaluates a statewide program of librarian continuing education.

Special Services Consultant (vacant). Consults with institutional librarians, public librarians, regional system staff, library governing authorities, and interested citizens to improve library management. Manages disadvantaged and institutional grants.

Sarah Woelfel, Communications Assistant. Serves as production manager for Library Developments newsletter. Designs and prepares other publications. Maintains Texas State Library Jobline.

Anne Ramos, Librarian, Library Science Collection. Supervises operation and staff of the LSC. Develops bibliographies and subject oriented packets of materials. Provides technical assistance to librarians of all types of libraries. Manages clearinghouse for library system workshops and public relation materials.

Jana Daniel, Library Science Collection Clerk. Processes requests for loan or distribution of LSC library materials and publications.

Estela Reveles, Interlibrary Loan Technician. Processes incoming and outgoing interlibrary loan requests for the State Library. Compiles interlibrary loan statistics for TexNet.

Mae Murray, Administrative Assistant. Provides clerical and administrative support for workshops, including reservations. Orders supplies from agency purchasing office. Controls inventory of office supplies. Sorts and moves mail within the division. Types reports and correspondence. Mails and processes orders received for Texas Reading Club materials.

Melanie Heine, Administrative Assistant/Receptionist. Receives the public and answers the telephone. Types correspondence, reports, surveys, mailing lists, statistical tables. Prepares travel authorization, travel vouchers, and other documentation for professional staff, advisory councils and boards. Receives and sends out reminder notices on surveys and reports. Mails large quantities of publications. Compiles monthly statistics.

Lisa Richard, Administrative Assistant. Assists in input of public library statistics. Prepares submission of Texas public library statistics to the U.S. Department of Education. Types correspondence, reports, surveys, and other documents.

Systems Operations at the State Level

The State Library operates under two distinct mandates which sometimes appear to be in conflict. The first, conferred by the Legislature and the Governor, is to administer the Library Systems Act by meeting requirements for compliance and accountability as directed in the Rules for administering the Act. The other mandate is to help local libraries improve the quality of service they offer to their patrons. The State Library must achieve a reasonable degree of progress in library development while not imposing on public libraries a greater degree of change than they are able to tolerate. The State Library must continually balance the needs of the funding authority the State and the implementing agencies - the public libraries. The dual concerns of these mandates should be kept in mind while reading the following discussion of the accountability of the systems to the State Library.

Accountability to state government. As public expenditures have increased as a percentage of national income, government has begun to try to demonstrate what benefits are derived from its programs. Zero base budgeting is one device which the State of Texas uses to measure the program results and relate those results to dollars spent.

Several of the performance targets set by the systems in their biennial budget plans become part of the overall agency biennial budget for the Texas State Library and Archives Commission. Once a budget for the agency is set, all divisions, including Library Development, are held accountable to these targets and reported performance statistics are subject to audit by the state.

This need for accountability at the state level places a burden of recording and reporting performance and related costs not only on the State Library, but also on every library in the system and especially on system staff. This data, however, can also be of significant internal benefit as well. For public libraries and the systems in which they are members, this data can also be an important planning and management tool.

Because of the increased level of accountability required by the state, the State Library has stressed that the systems' zero base bienninal budgets will be binding in preparing their plans of service. When zero base budgets are constructed, care should be taken to *insure* that they represent plans that are feasible and which can be followed faithfully.

Responsibility to library systems. The State Library has certain legal responsibilities to the ten Major Resource Systems set up under the Act. A singularly important one is to prepare an annual plan of library development for public libraries of the state.

In practice, the leadership and coordinating roles of the State Library are critical to the full realization of system potential, as can be seen in efforts to bolster the strength of cooperative efforts, provide guidance in standards, and promote understanding of the program potentials in areas of little or no previous experience. Clearly implied is the State Library's responsibility for encouraging intersystem collaboration. This is a matter of particular importance to the fifteen or twenty largest public libraries, but one which can also vitally influence all libraries in regard to certain services where the largely artificial boundaries of regional systems have little meaning.

The State Library also is expected to hear and consider the mutual concerns of all libraries--public as well as non-public--which interact with system libraries. Similarly, the State Library has the implied responsibility for examining the state's potential role in multi-state and national system matters, and in participating in these broader concerns under the mandates of state law and on behalf of all libraries.

Rules for Administering the Library Systems Act. The Library Systems Act states that the State Librarian, with the advice of the LSA Advisory Board, proposes rules and regulations "necessary to the administration of the program of state grants, including qualifications for major resource system membership." The Commission then holds a public hearing and adopts the rules which will be in force for the following two years.

The *Rules for Administering the Library Systems Act* are the official policies which must be followed. They are important in guiding the general operation and administration of the system; the biennial revisions provide an opportunity to adjust the system to meet current needs.

CHAPTER THREE

System Funding and System Services

The System Funding Formula

Systems are allocated a specified amount each year in accordance with the formula in the Library Systems Act, Section 441.138 (d), which states that:

> Twenty-five percent of system operation grants shall be apportioned equally to the major resource systems and regional library systems that are operating under commission-approved programs of services, budgets, and by-laws and contracts, and the remaining seventy-five percent shall be apportioned among those systems on a per capita basis determined by the most recent decennial census or the most recent official population estimate of the U.S. Department of Commerce, Bureau of the Census.

Dividing one-fourth of the systems allotment into ten equal parts ensures that smaller systems can operate effective programs. A straight per capita allocation would mean a significant reduction in their operating capital. The effect of the formula is that sparsely populated systems receive a higher per capita grant than do the more densely populated regions. This variability in per capita allocations can be seen in Figure 3.

At various times, librarians have discussed whether to amend the formula to take into account either area (square miles) served by a region or the number of libraries served by the system. This occurred most recently during the Sunset commission review of the State Library in 1994. No serious effort to amend the law has yet occurred.

Another issue regarding the allocation formula has been discussed in the Legislature and in several Commission hearings and will probably be discussed again. The issue is whether the phrase in Section 441.138 (d) "...per capita basis" means the total population of each system, or just the population of member libraries. Strong arguments exist for both positions, but the current interpretation in Rule 1.96 is "The population base for distribution of 75% of the Library Systems Act funds is defined as the total population residing within the major resource system boundaries."

Efforts to change the current interpretation have been led by the Northeast Texas Library System (NETLS). Their position is that as a system gets new members, the amount of funding (or benefit) per library is reduced. This situation, according to NETLS, discourages any efforts to recruit new system members. They would prefer an increase in system funding for each new member.

The prevailing position argues that systems are required to offer consulting and continuing education services to non-member librarians and must file a plan for the development of unserved counties. Because they are required to offer services to more than system libraries, systems should be compensated for these efforts. No disincentive to serving non-members should exist, since members are able to benefit from additional funding accrued from non-member and unserved populations.

Figure 3

DISTRIBUTION OF SYSTEM FUNDS

FY 1995

SYSTEM	Population	Per Capita	% of Total System Funding	TOTAL (Estimated)
Big Country	450,992	0.76	4.4%	$343,244
Texas Panhandle	373,185	0.85	4.1%	$317,575
Central Texas	1,796,311	0.44	10.1%	$787,081
South Texas	1,609,766	0.45	9.3%	$725,538
Northeast Texas	3,541,046	0.38	17.5%	$1,362,691
Texas Trans-Pecos	683,292	0.61	5.4%	$419,883
North Texas Regional	2,014,954	0.43	11.0%	$859,214
Houston Area	4,814,011	0.37	22.9%	$1,782,658
West Texas	709,197	0.60	5.5%	$428,429
San Antonio Area	1,689,784	0.44	9.7%	$751,937
Totals	**17,682,538**	**0.44**	**100.0%**	**$7,778,249**

All libraries are interested in whether they are receiving an equitable portion of system benefits. Over the years there have been charges that some MRCs receive excessive benefits, while the MRCs have countered that their benefits are too low. In a grants-in-aid program, it is very easy to determine if each library is receiving its fair share of the available dollars. Since grants are usually distributed on a per capita basis, correlations can be made between the grant and the library's population. With systems, the opposite is the case.

Fair share questions are in a way inappropriate in regard to systems because the goal is sharing resources for the common good. However, a 1981 Texas State Library study found that the Major Resource Centers were not receiving disproportionately large benefits.

The study found that:

> 1) "Over 85% of the system operation grants go directly to MRCs and system libraries as benefits, and some of the remaining funds go to benefit areas without any library service; thus, Texas libraries can be proud of the fact that the system program has minimized the use of these funds for administrative purposes, enabling the benefits to libraries to be maximized;
>
> 2) approximately $377,000 was reported by the MRCs to have been contributed as in-kind or cash purchases of materials for use by system libraries; while some of these contributions of space, utilities, and collection depreciation will be reimbursed by the system grant in future years, the generosity and support by MRCs should not be overlooked."

The major finding of the survey was the presence of two factors influencing the allocation of benefits per library. The first and strongest factor is population size. Since most of the benefits are allocated on a per capita basis, the larger the population, the more benefits received. The second factor, which exerts a smaller influence, is dividing a sum of money equally among all the participants. Because these funds are held out of the pool of per capita funds, the smaller participants receive a larger total per capita than the larger participants.

The study concludes that "The philosophical basis of the Library Systems Act seems to have been that all public libraries should benefit from state aid, but since smaller areas are probably weaker, they need the benefits a little more than larger areas. Although there is no simple way to determine conclusively whether this has been done, or in fact, how it should be done, the overall pattern of benefit allocation certainly appears to follow this philosophy."

Measures of Effectiveness

The following outputs, or products, of regional library system activities are among those reported quarterly to the Legislative Budget Board and are measured for variance against the targets established in the zero base budget.

Persons Viewing Films and Videos and Attending Programs
Materials Purchased for Public Libraries
Direct Circulations
Students Attending System Workshops
Number of Librarians Consulted
Students Receiving Literacy Instruction
Bibliographic Records Created

Figure 4 shows the 1991, 1992 and 1993 statistics collected from the ten systems for the Legislative Budget Board as well as the projected totals for 1994.

Without expenditure data by program area, it is impossible to determine the exact unit cost of this or any other system program. Beginning with SFY 1983 grants, new fiscal standards established by H.B. 391 made it possible for program expenditures data to be collected.

Trends in System Services

Once the system receives instructions from the State Library for preparing the annual program of service, the system decides what services it will offer according to the process set forth in its bylaws and priorities articulated in its current biennial budget. Generally the process includes an annual questionnaire of librarian preferences; committee meetings and discussions at general membership meetings; and review by the system advisory council. Final approval rests with the Major Resource Center, whose governing authority must sign the plan. Generally, the annual program of service as well as the contract are carefully reviewed by representatives of city finance and legal departments. The MRC is empowered to veto any system plan; LSA Rule 1.121 and 1.122 identify the process for appealing a decision by the Major Resource Center.

The bar charts in Figure 5 show the distribution of system funds among the various system projects in each system, while Figure 6 shows the growth of system funding over the years.

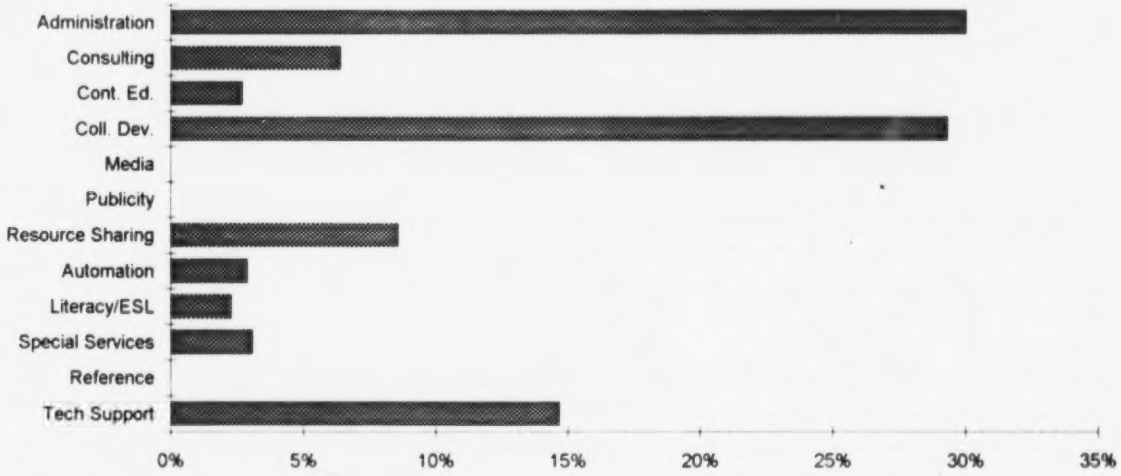
System indirect cost reimbursement now averages about eight and a half percent of the grant. The implementation of H.B. 391 resulted in MRC's receiving full indirect cost at their local rate. A listing of the SFY 1995 indirect cost rates is provided in Figure 7.

Figure 4

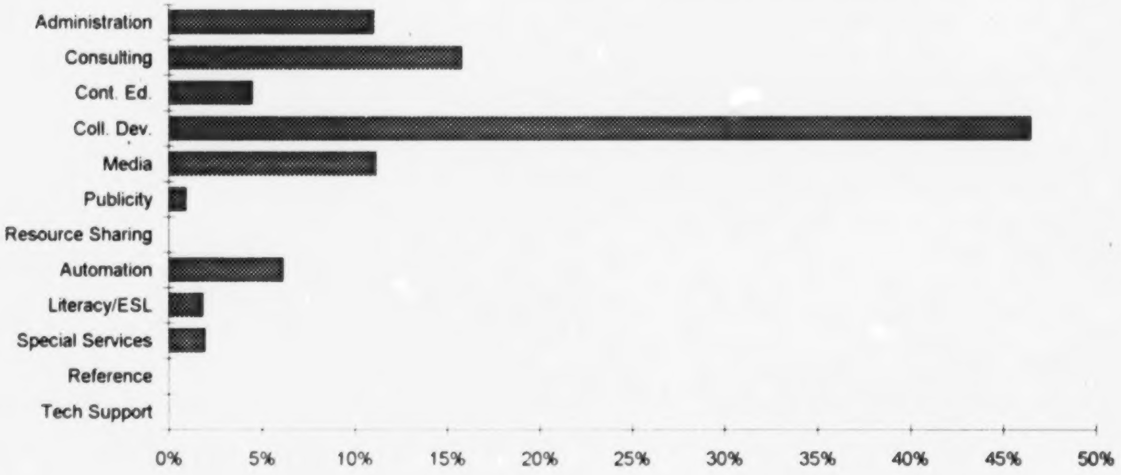
SYSTEMS PERFORMANCE MEASURES

	SFY 1991 TOTAL	SFY 1992 TOTAL	SFY 1993 TOTAL	SFY 1994 TARGET
MATERIALS ACQUISITION INFORMATION:				
# Books Received	219,979	211,362	206,244	181,071
# 16mm Films Received	855	194	184	58
# Subscriptions Received	773	896	1,009	861
# Videocassettes Received	18,092	18,061	21,742	11,825
# Books Leased	11,231	10,890	10,202	10,353
# 16mm Films Leased	391	21	11	0
# Microform Received	1,342	1,214	1,028	1,187
# Other Materials Received	8,012	7,732	7,103	12,363
TOTAL MATERIALS	260,675	250,370	247,523	217,708
MEDIA SERVICES/SPECIAL PROGRAMS				
# Film Showings	170,043	63,600	50,784	42,669
# Persons Attending Film Showings	2,473,487	1,734,873	1,330,125	959,745
# Viewing Filmstrips	9,319	0	0	851,731
# Viewing Videocassettes	3,449,016	3,770,509	3,423,125	2,930,878
TOTAL VIEWERS	5,931,822	5,505,382	3,619,432	3,675
CIRCULATION SERVICES				
# Books-by-Mail Circulations	3,255	0	0	0
# Books Circ. to Residents	100,878	84,195	76,068	76,700
# Other Items Circulated	987	76,402	73,777	627,000
# Circulations...Recip. Borrowing	8,601	1,045	1,889	0
INTERLIBRARY LOAN SERVICES				
# Reference Referrals Answered	7,603	8,986	8,613	12,294
# Lateral ILL	0	214	506	3,600
TECHNICAL ASSISTANCE:				
# Workshops Held	142	153	168	163
# Persons Attending	3,042	3,054	3,662	3,531
# Student Hours	11,728	12,032	16,140	1,706
# Consultant Hours	14,640	16,057	17,446	18,958
# Pieces of Publicity	734,406	1,320,465	855,628	615,038
LITERACY PROGRAM:				
# Student Hours in Sessions	291,597	136,663	393,296	117,917
# Persons Attending Sessions	122,681	337,656	141,930	289,322
AUTOMATED SERVICES:				
# Bib Records Added	509,207	51,156	741,107	739,336
# Patron Records Added	344,053	170,470	1,096,352	100,000
# Materials Circulated	9,780,007	9,550,667	5,775,713	9,105,000

Figure 5



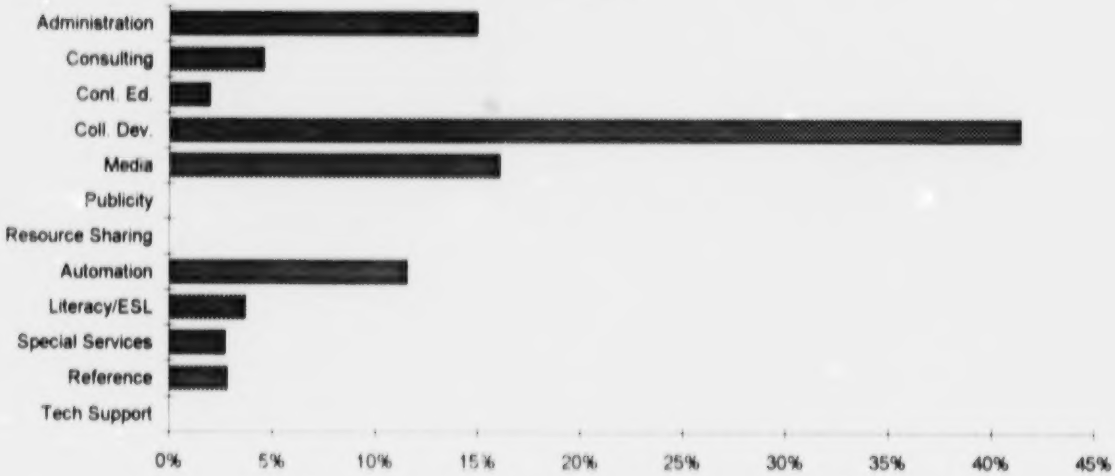
BIG COUNTRY LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects



CENTRAL TEXAS LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects

Figure 5

HOUSTON AREA LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects



NORTHEAST TEXAS LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects

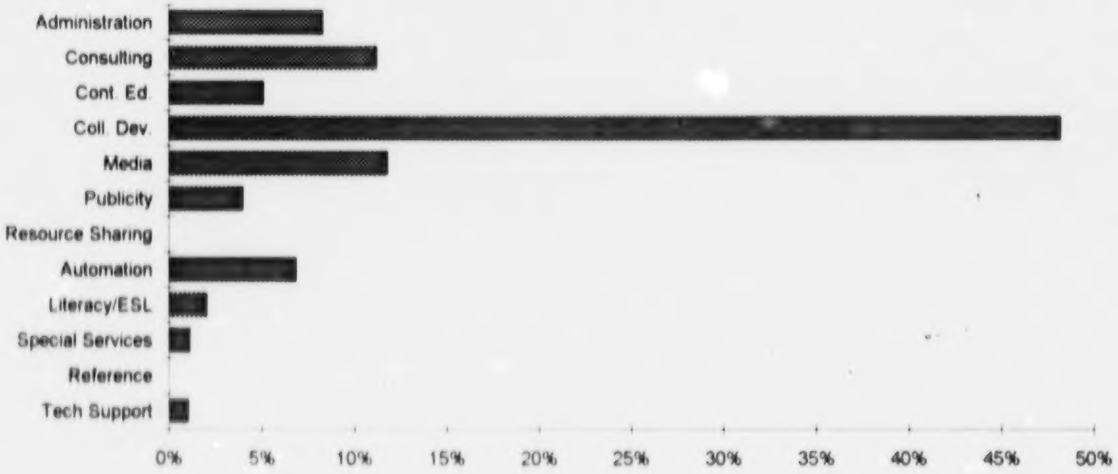
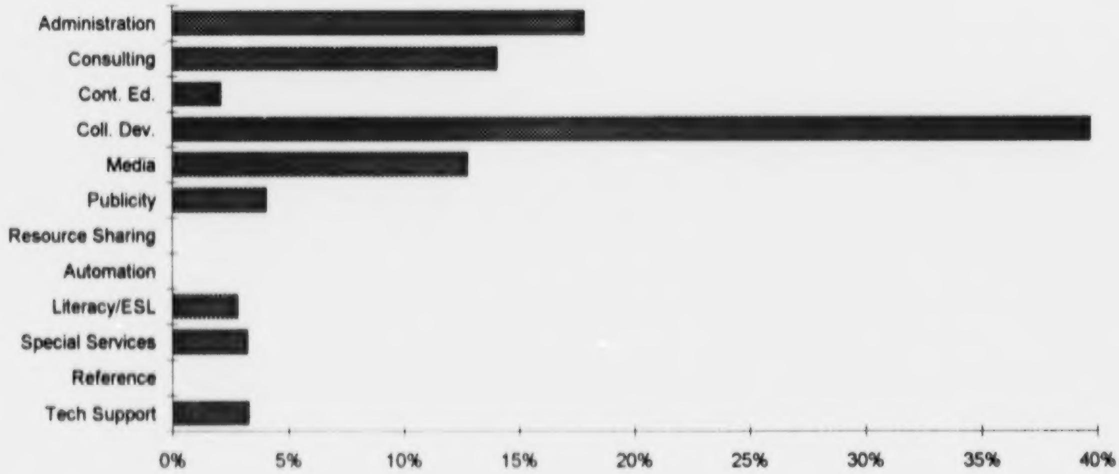


Figure 5

NORTH TEXAS REGIONAL LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects



SAN ANTONIO AREA LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects

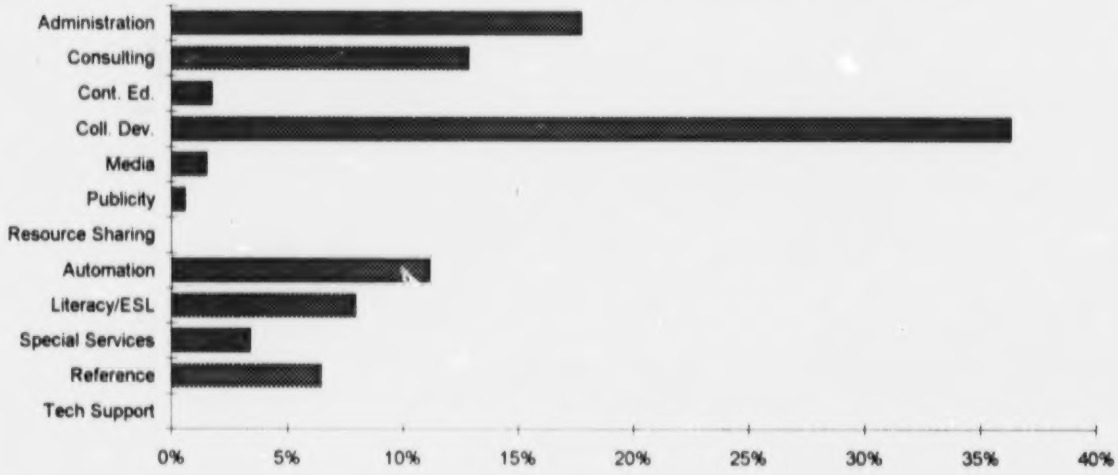
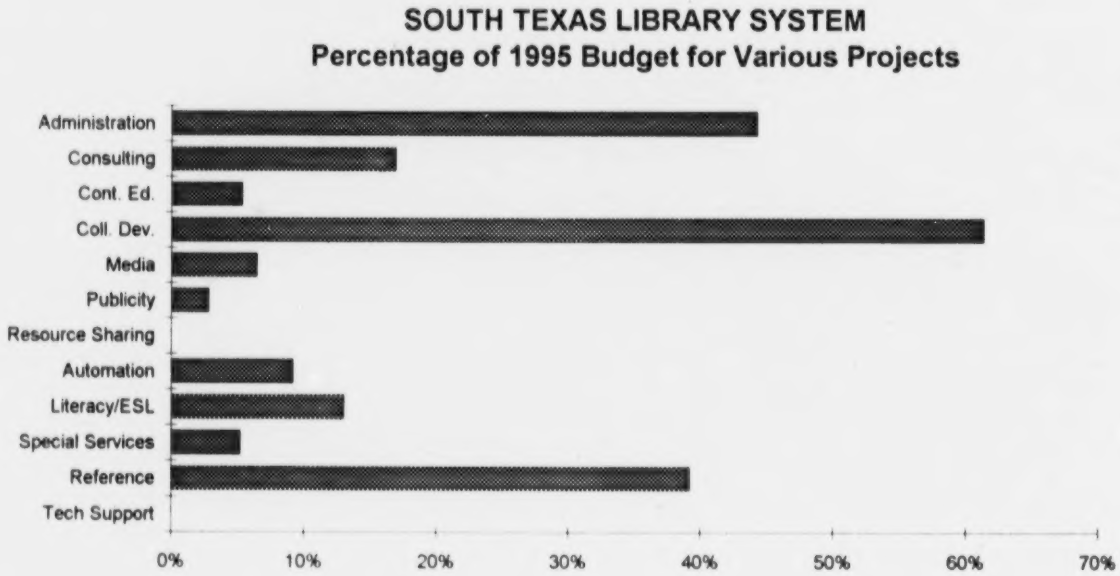


Figure 5


SOUTH TEXAS LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects
Administration
Consulting
Cont. Ed.
Coll. Dev.
Media
Publicity
Resource Sharing
Automation
Literacy/ESL
Special Services
Reference
Tech Support
0%
10%
20%
30%
40%
50%
60%
70%

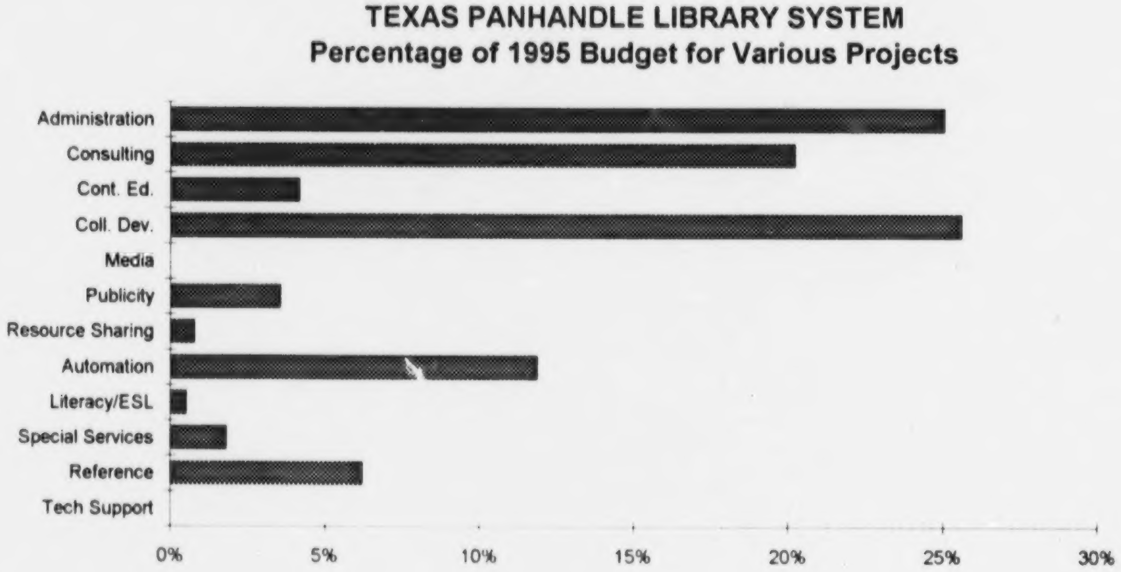
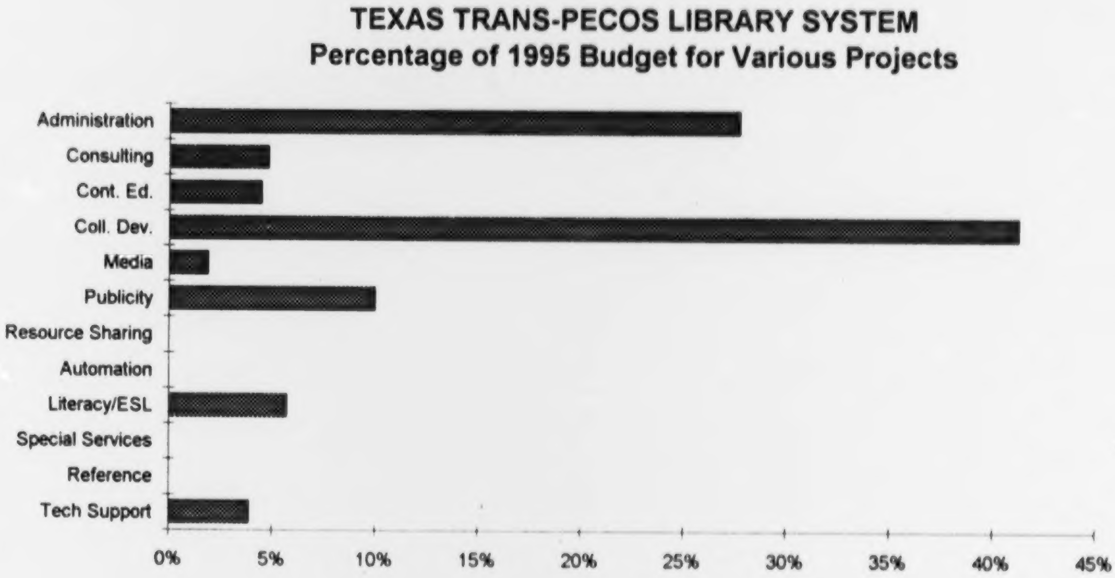
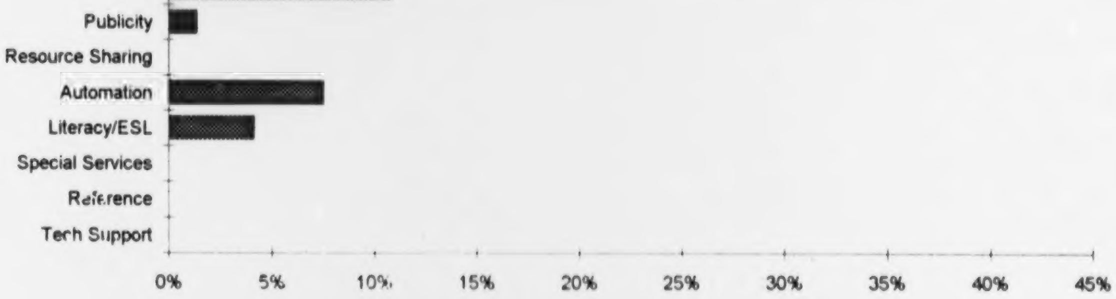

TEXAS PANHANDLE LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects
Administration
Consulting
Cont. Ed.
Coll. Dev.
Media
Publicity
Resource Sharing
Automation
Literacy/ESL
Special Services
Reference
Tech Support
0%
5%
10%
15%
20%
25%
30%

Figure 5



TEXAS TRANS-PECOS LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects



WEST TEXAS LIBRARY SYSTEM
Percentage of 1995 Budget for Various Projects

Figure 5

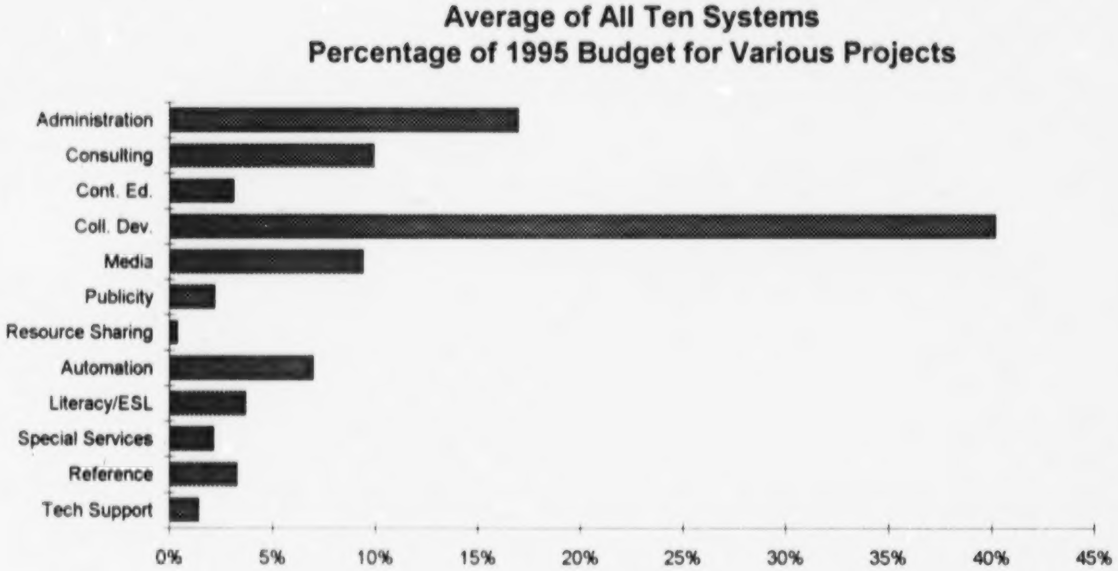


Figure 6

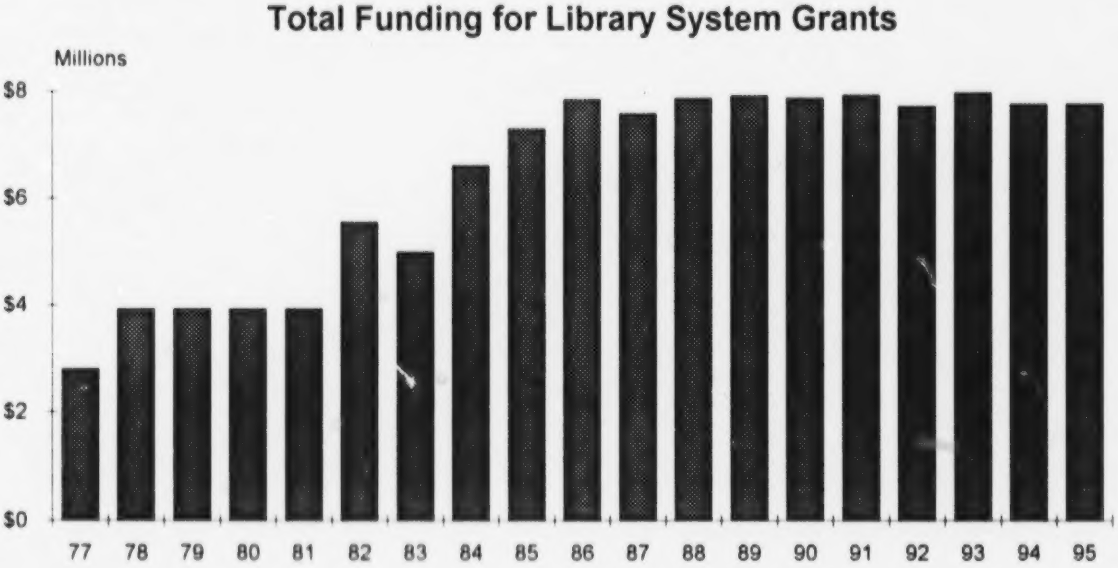


Figure 7

SFY 1995 SYSTEM OPERATION GRANTS: DIRECT AND INDIRECT COSTS

City	Total Grant (Est.)	Indirect Costs (Est.)	Indirect % of Total	Indirect Base	Type
Abilene	343,244	53,793	15.67%	42.28%	A
Amarillo	317,574	50,565	15.92%	14.28%	A
Austin	787,081	81,248	10.32%	40.00%	B
Corpus Christi	725,538	100,989	13.92%	47.50%	B
El Paso	419,883	31,855	7.59%	26.61%	B
Fort Worth	859,214	0	0.00%	0.00%	*
Garland	1,362,691	119,800	8.79%	9.56%	C
Houston	1,782,658	96,561	5.42%	40.00%	B
Lubbock	428,429	36,006	8.40%	9.03%	C
San Antonio	751,937	20,979	2.79%	10.00%	B
Total	**7,778,249**	**591,796**	**7.61%**		

Type A: Percentage of salaries and fringes
Type B: Percentage of direct salaries
Type C: Percentage of direct charges
* Non-profit corporation; pays no indirect

CHAPTER FOUR

The Administration of Systems

This section will cover some basic aspects of the administration of systems. Many aspects of system administration will vary because of differences in municipal administrative practices. However, there are some general principles, practices, and procedures which are common to all systems.

The general topics covered in this section are:

- the financial management of systems
- the performance management of systems
- planning for system services
- other administrative areas

I. Financial Management

Financial management of the systems is a complex task often further complicated by the difficulty of coordinating the work of various individuals, many of whom are not directly accountable to the System Coordinator or the MRC director.

Roles and Responsibilities

Successful financial management depends upon understanding the roles and responsibilities of those involved with the system grant. These roles will vary between municipalities, but some generalizations apply in all MRCs.

Role of the System Coordinator: The System Coordinator plays perhaps the most critical role in system financial management. The System Coordinator is the only person in a position to view the grant program in its entirety, to know what role others play in the process, and to insure that everything fits together properly. Consequently, financial management comprises perhaps the most important single responsibility of the System Coordinator.

The following are ways in which the System Coordinator handles the financial management of the system:

1) The System Coordinator must interpret the procedures set by the Texas State Library for the administration of system grants to those on the local level. Consequently, the System Coordinator must be extremely familiar with the *Procedures Manual: Guide to Uniform Grant and Contract Management Standards* published by TSL. If any aspect of the manual is not clear, it should be discussed with the TSL grants administrator.

2) The System Coordinator must make sure that the responsibilities for managing the system grant are being handled by the appropriate persons and that these responsibilities are being performed efficiently.

3) The System Coordinator must insure that the proper accounting, tracking, record-keeping, and reporting systems are in place to adequately manage the system grant. Should the System Coordinator believe that proper management of the grant is not occurring, corrective measures must be taken. If the problem is found to lie outside the MRC, it may be necessary to establish supplemental or duplicate systems within the MRC or system office.

4) The System Coordinator oversees the flow of paperwork (requisitions, purchase orders, invoices, bid documents, etc.) and must be prepared to address problems, such as logjams, which may arise. The System Coordinator must also have a knowledge of how to expedite this paperwork when necessary.

5) The System Coordinator must know how to read and interpret financial reports provided by the city. The ability to spot problems (e.g., when a contract amendment is needed) and initiate action to solve these problems is essential.

6) The System Coordinator may need to serve as liaison between TSL and various individuals at the local level.

7) The System Coordinator may need to act as a "traffic cop" in initiating actions and in holding up actions which might be inadvisable (for example, equipment purchases in the last weeks of the fiscal year that are subject to competitive bid).

Role of the MRC Director: The major role of the MRC Director (or designate) has historically been that of "trouble shooter." Problem situations, which are beyond the ability of the coordinator or business manager to handle, may need to be referred to this higher administrative level in order to bring sufficient leverage to bear on the problem. The coordinator must know when it is appropriate to seek the advice or consent of the MRC Director.

Role of the Business Manager or the Systems Grants Accountant: The Business Manager is a member of the MRC library staff while the Systems Grants Accountant is on the system staff. In either case, this individual is responsible for the day-to-day business activities of the system. These activities include generation of requisitions, approval of invoices for payment, monitoring expense accounts, preparation of financial reports for TSL, and providing day-to-day liaison with city central services departments. The business manager works closely with the coordinator to insure that adequate financial management systems are in place and consults with the coordinator when problems arise. In smaller systems, some level of this function may be handled by the coordinator or by office clerical staff.

Role of the City Grants Administrator: This is the person (sometimes called the Grants Accountant) in the city organization directly responsible for the day-to-day financial management of some or all of the grants awarded to the city. Specific responsibilities may include overseeing the application of city accounting procedures to the system grant, providing financial reports to the business manager and coordinator, making Requests for Funds to TSL as well as producing quarterly Financial Status Reports on the system grants. This person will also oversee the final audit of the system grant by the external auditing firm. The coordinator and business manager must have a close working relationship with the Grants Administrator assigned to the system grant. The division of responsibilities between the Grants Administrator and staff and the coordinator and staff must be well defined. Lines of communication between system staff and the Grants Administrator must be open and readily utilized.

Role of Other Central Services Personnel: In addition to the Grants Administrator, who is the primary contact person for system staff at City Hall, there are other key persons with whom the coordinator and business manager will frequently interact. The Purchasing Agent will be involved in all requisitions coming from the system. The Purchasing Agent's role is especially important when products or services require competitive bids. The Chief Accountant will normally supervise the Grants Administrator and may become involved in non-routine issues involving system accounts. The city Financial Officer (usually the Director of Finance, or similar title) is designated in the system contract as having ultimate responsibility for the proper financial administration of the grant and must sign all Requests for Funds and Financial Status Reports.

Key Principles of Financial Management of System Grants

There are two basic documents which contain the key principles of financial management for systems: *The Procedures Manual: Guide to Uniform Grant and Contract Management Standards* and the current contract for each system. System staff responsible for financial administration should be very familiar with and clearly understand both documents.

The Uniform Grant and Contract Management Act of 1981 (also known as H.B. 391) governs the administration of grants awarded by state agencies. Consequently, system grant contracts are written in accordance with these standards. All requirements for financial administration of system grants are referred to in the contract. The most important of these are:

1) The system agrees to abide by the Uniform Grant and Contract Management Act.

2) The system agrees to expend funds only in accordance with the approved annual program of service and budget.

3) The system agrees not to encumber funds after the last day of the system fiscal year (August 31).

4) The system agrees to liquidate all financial obligations in a given fiscal year within 60 days after the end of the fiscal year (i.e., by October 31).

5) The system agrees to audit grant funds and to submit the audit report within 180 days following the end of the municipal fiscal year.

6) The system agrees to secure written approval for the purchase of items requiring prior approval from the State Library.

7) The system agrees to submit five Financial Status Reports by the following dates: December 31, March 25, June 25, September 25, and October 31 following the end of the fiscal year.

8) The system acknowledges that failure to comply with the terms of the contract can result in the suspension of the current year contracts or contracts in any subsequent year.

These provisions of the system's contract form the key principles for financial administration of systems. They are elaborated and expanded upon in the *Procedures Manual*. For example, the second principle listed above states that systems are to expend funds only in accordance with the approved program of service. The *Procedures Manual* elaborates on this by distinguishing between allowable costs, unallowable costs, prior approval costs, and indirect costs in the program of service. It discusses how costs must be allocated to projects in the annual program and how, consequently, financial management procedures must relate expenditures to projects. In addition, the *Procedures Manual* explains procedures required to amend the annual program of service, change the scope or objectives of a project, and transfer funds among projects or expense categories in the annual plan.

Common Problems in the Financial Management of Systems

The five most common problems encountered in recent years by system staff in financial management of system grants are:

1) **Failure to assign responsibility for all aspects of financial management to the appropriate individual in the organization**. Frequently, key responsibilities are unassigned or assumed by an inappropriate individual. System coordinators should not have to post ledgers and prepare Financial Status Reports. Getting the appropriate city general services staff to adhere to their responsibilities (e.g., for providing timely and accurate expenditure and encumbrance reports) has been a recurring problem in some systems.

2) **Failure to insure that adequate accounting and reporting systems are in place and are being followed.** If system staff "make do" with financial inadequacies, serious problems such as audit exceptions or grant suspension can result. Problems in accounting practices and procedures must be pursued relentlessly if serious consequences are to be avoided. System staff can only make sound decisions regarding budget adjustments and end-of-year expenditures when adequate financial reports are available.

3) **Failure of the System Coordinator or Business Manager to insure that required documents and reports (e.g., Requests for Funds, Financial Status Reports, Audit Reports) are completed and submitted to TSL.** System staff must stay in contact with the appropriate persons assigned these responsibilities. If necessary, system staff should offer reminders and assistance to ensure deadlines are met. Since grant suspension can result if reports are not submitted on time, system staff must be just as aware of deadlines as those having direct responsibility for submitting these documents. Furthermore, system staff should make it their responsibility to see that these documents are submitted by the due dates.

4) **Failure of the System Coordinator to recognize when an amendment to the annual program of service is needed.** Perhaps the most important section of the *Procedures Manual* is the chapter covering the steps in revising the system budget. This is a complicated and sometimes confusing subject, but one which must be mastered. Problems in this area may be caused by the absence of timely expenditure and encumbrance reports. Audit exceptions and refunds of unauthorized expenditures may result from failure to secure amendments to the annual program of service. Consequently, system staff must fully understand the budget revision procedures and alleviate any deficiencies in financial reporting.

5) **Failure of the System Coordinator to recognize and plan for the year end encumbrance deadline (i.e., obligate funds by August 31).** System coordinators must be aware of all TSL requirements and local purchasing procedures when expending funds at the end of the year. Attempts to make last minute purchases for which there is insufficient time should be avoided. This is particularly true of expenditures requiring prior approval. Appendix B of the *Procedures Manual* discusses prior approval procedures and gives a turnaround time schedule for prior approval requests submitted to TSL. A reasonable timeline for year-end purchases requiring prior approval should be constructed. This will insure it is feasible to make the purchase within the time allowed by TSL and city purchasing.

A common thread running through all of these problem areas is the responsibility of system staff, especially the coordinator, to attend to the financial management of the system grant. Sound financial management practices are fundamental to the efficient and productive operation of the system.

II. Performance Management

While the proper financial management of the system grant is an area of major concern which demands much time and energy, these efforts are not an end in themselves. Sound financial management is a means by which system performance objectives are achieved. Successful implementation of system plans demands practices and skills which might be combined under the generic heading of Performance Management. This term refers to the management practices used to achieve system objectives and to evaluate the results of system efforts. Developing a successful system program depends upon understanding the positions responsible for system performance management, the relevant principles and practices, and the problems frequently encountered in managing system performance.

Responsibilities in Performance Management

The responsibilities for managing system performance will vary from system to system; however, the following roles will generally apply.

System Coordinator: The System Coordinator's job involves delegating responsibility for achieving system objectives to project managers (described below). Project managers are identified when formulating the annual plan of service. In some instances, the System Coordinator may be a project manager for one or more system projects. Once project managers are determined, the System Coordinator insures that the manager's quantitative and qualitative objectives are clear and provides guidance concerning how to achieve them.

The most important task of the System Coordinator is to evaluate project results by assessing their impact in relation to their cost. This analysis should be included in narrative evaluation reports to TSL. More importantly, it should be used by system planners to determine future programs and objectives. The System Coordinator should receive periodic (preferably monthly) reports regarding the progress made in meeting project objectives. This information from the project managers is then used to prepare statistical and narrative reports to TSL. Any apparent problems observed during project implementation should be addressed by the coordinator.

MRC Director: The MRC Director's role in performance management is similar to his or her role in the area of financial management. As a problem-solver, the MRC directoraddresses special difficulties arising during project implementation. The MRC director can serve as an analyst of system performance, offering perhaps a different perspective from the coordinator on the value of system activities in relation to their costs. Again, this perspective should be interjected into the planning process which will determine future system programs.

Project Managers: Project managers are the individuals directly responsible for meeting system objectives. Project managers may be the coordinator, other professional staff hired by the system, or MRC staff in the case of a jointlyfunded project (e.g., film service). The project manager must be aware of the objectives set for his or her project and strive to meet those objectives according to the strategies stated in the annual program of service. The project manager should also be thoroughly familiar with the project objectives and with the implementation plan as well. The coordinator should be provided periodic formal and informal reports regarding project status. In addition, the project manager must be prepared to assist the coordinator in analyzing the project's impact relative to its cost.

System Librarians, Advisory Council, and Lay Representatives: These persons serve a less formal but still crucial role in the area of performance management, since they provide the advice needed to adequately analyze system performance. Librarians provide monthly statistical reports relating to system projects and verbal feedback regarding the value of various system projects. The advisory council and lay representatives, as the ultimate beneficiaries of system services, provide an equally important perspective on the value of system projects.

Regional Library System Executive Board. In a regional system, the role of the executive board in the area of performance management is unique and critical. Since the regional system is independent of any larger entity such as the major resource system or the city, the executive board operates as a governing board that makes binding decisions for the system. In this way, the executive board combines all of the fiscal and administrative decision-making of the MRC with the oversight duties of the advisory council. This confers a much greater authority and responsibility on the executive board than is the case either for the MRC or the advisory council alone. The executive board must take care that the fiscal policies of the regional system are sound, that actions are responsive to member wishes and no liabilities or unallowable costs are incurred.

Key Principles of Performance Management

Just as the system contract forms the basis for the financial management of systems, the annual plan of service provides a similar basis for the performance management of systems. The annual plan of service, in essence, determines the following:

- The quantitative and qualitative objectives set by the system
- The strategies which will be used to meet the objectives
- The costs which will be incurred in meeting the objectives

In following the annual plan of service, the System Coordinator and project managers must strive to meet project objectives according to the strategies indicated and within the projected budgets for each project in the Plan. The following practices and key principles will apply to this endeavor:

1) Every system project should be assigned to a project manager who is directly responsible for achieving project objectives.

2) The project manager should have a clear understanding of the project objectives and the strategies that have been determined to fulfill these objectives.

3) Project managers should receive their assignments several months prior to the system fiscal year. By the start of the fiscal year, implementation plans should be completely detailed. Timelines should be in place which break implementation plans down into the specific tasks which must be achieved in order to meet project objectives.

4) The project manager should provide regular reports concerning the status of the detailed implementation plans, i.e., whether tasks are being accomplished on schedule and on budget. These reports are in addition to formal reports (usually monthly) on progress towards meeting quantitative and qualitative objectives.

5) Serious problems which arise during project implementation should be referred to the system coordinator. Frequently, problem resolution will take the form of a revision of implementation strategies outlined in the Annual Plan. Major changes may dictate the need for a budget revision as described

in Chapter VIII, "Budget Revision Procedures" of the *Uniform Grant and Contract Management Standards Procedures Manual.* All budget revisions require the concurrence of the system advisory council and the approval of TSL.

6) Throughout the fiscal year, as the coordinator accumulates data about project performance and cost, projects should be analyzed in a variety of ways:

a. What is the impact of the project?

b. Do performance statistics indicate an increasing or decreasing impact?

c. What is the cost of the project per unit of service?

d. Is the unit cost increasing or decreasing?

e. What changes in strategy could achieve a greater impact or lower unit cost?

Six months into the fiscal year, a preliminary analysis should be completed for planning purposes and for inclusion in the coordinator's Semi-Annual Narrative Report to TSL. By the end of the year, a final analysis should be made and included in the Annual Narrative Report.

Following these practices and principles will help to insure that system projects fulfill their objectives. When projects fail to meet their objectives, or do so at excessive cost, these problems should be addressed in the current fiscal or subsequent fiscal years.

Common Problems in Performance Management

The following problems can occur in system performance management causing system projects to fail to meet objectives:

1) A project manager is not assigned to a planned project. Projects must be well planned and carefully implemented to be successful. Assigning responsibility for a planned project to a project manager will help provide the incentive necessary to make sure the project is adequately planned and implemented.

2) Project objectives and strategies are not clearly communicated to the project manager. Once the project manager has been assigned, it is imperative that the objectives of the project and the strategies to be used in achieving them are well understood by the project manager.

3) Implementation planning does not take place or is inadequate. If a project is not well thought out and scheduled prior to the start of the fiscal year, it will be difficult to achieve project objectives.

4) As the project is implemented, changes in strategy are undertaken without making necessary budget revisions. The result is a deviation from system plans without the concurrence of the advisory council or approval of TSL. Audit exceptions and refunds to TSL may result.

5) Adequate analysis of project performance by the coordinator does not take place. Frequently, the coordinator will analyze project impact without relation to project cost. Such action generally results in inadequate analysis and the inability to determine the degree of project success.

This discussion of the problems most frequently encountered in performance management demonstrate how poor performance management practices can produce undesirable results. First, the system will fail to meet its objectives according to approved strategies and within the project budget. Second, poor performance will be perpetuated when adequate performance data is not generated. Third, poor performance will not generate sufficient data to allow adequate analysis. Finally, poor performance leads to poor planning since there will be inadequate information upon which to base planning efforts.

Planning is an important activity for systems and one that demands a great deal of time and effort, particularly from the coordinator. A number of factors have resulted in the need to expend more energy in planning efforts:

III. Planning for System Services

- The Uniform Grant and Contract Administration Standards have required that more detailed planning take place, particularly in the area of determining costs for proposed system projects.

- The growing diversity of system programs has made it necessary for biennial budget proposals to be a highly accurate reflection of system activities in the long term.

Because of these developments, planning for system services has become virtually a year round activity. Planning activities can no longer be accomplished in the final weeks or months before budget plans are due at TSL.

In discussing planning for system services, it is important to understand the roles and responsibilities of persons engaged in the planning process. It is also important to have a grasp of the system planning cycle. Finally, it is important to recognize some common problems that have occurred in the planning efforts of systems.

Roles and Responsibilities in Planning

Planning for system services is an activity which will require the participation of every librarian and every lay person involved with the system. There are many variations in planning roles and responsibilities in systems, but the following descriptions will generally apply:

System Coordinator: The job title "System Coordinator" is particularly apt in regard to planning. The primary role of the System Coordinator is to coordinate the planning efforts of the system. The System Coordinator sets up a planning timeline, assigns responsibilities, schedules committee meetings, disseminates an analysis of the current system services, and other relevant information. Second in importance is the coordinator's role in formulating the results of planning activities into a budget proposal document which is submitted to the advisory council and then to TSL. A third major role is that of "creative thinker." Frequently, the System Coordinator must come up with creative ideas for new system services, or for modifying old ones, and inject these ideas into the planning process. Finally, the System Coordinator serves as the link between system planners and TSL. This role involves interpreting guidelines and other planning requirements to planners and consulting with TSL about planning problems and issues.

MRC Director: The MRC Director (or designate) is an active participant in the planning process, providing input concerning system services that would most benefit the MRC library, and providing his or her perspective on which services would most benefit the libraries in the region. The MRC directormay be particularly aware of constraints on the system program which originate from the need to work within the organization of the MRC city.

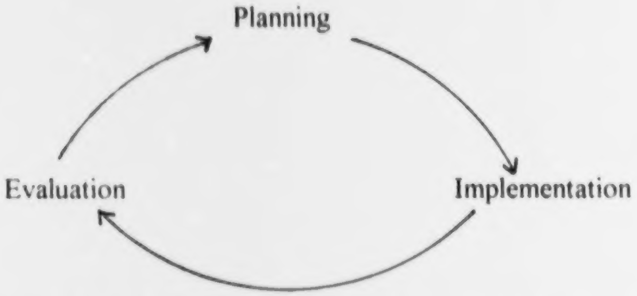
Project Managers: Persons on the system staff responsible for managing individual projects of the system will be involved with planning in several ways. They may: 1) assess the direction which their project should take, 2) meet with committees organized to analyze and plan their particular project, and 3) critique ideas for future services and provide an assessment of their system-wide impact. As "hands-on" managers of system services, the advice of the project managers will be invaluable in determining the future direction of the system.

Planning Committees: These may be organized by sub-region, by program area (e.g., Audiovisual Services, Collection Development, Automation, etc.), or may consist simply of one Planning Committee for the system. These committees should include librarians, lay representatives, and Advisory Council members. Regardless of their structure, the purpose of these committees is to assess the needs of the region for system services, to evaluate the current services in meeting those needs, and to consider new ideas for system services which address current or projected needs. The committees' work will be greatly assisted by the information provided to them by the system staff (e.g., results of questionnaires, program statistics, program analysis). Recommendations from these committees should reflect a consensus of opinion in the system, so these recommendations can be translated into a draft plan to be presented to the Advisory Council.

Advisory Council and Regional Executive Board: Section 441.130 (g) of the Library Systems Act describes the responsibility of advisory councils to "advise in the formulation of the annual plan of service to be offered by the system." In practice, this provision of State law has been embodied in a formal review process, whereby advisory councils approve or reject plans drafted by system staff in an open meeting of the system membership. Councils may hear arguments for or against various components of the draft plan and occasionally, a plan may be amended in the course of the advisory council meeting. Ideally, the individual advisory council members will have enough involvement in the planning process so they can weigh the relative merits of the draft plan when called upon to do so. For the most part, the regional system executive board will function in much the same way as the advisory council in matters related to planning.

The Planning Cycle and Systems

In an environment which demands that greater emphasis be placed on planning for system services, system planners should think of planning as a continuous activity. The idea of a planning cycle embodies this notion. In its most generalized form, the planning cycle involves three steps:



Before the factors mentioned above forced systems to become better planners, the implementation phase of the planning cycle received the more effort, with planning and evaluation receiving considerably less. In the new environment, evaluation and planning have become activities which are seen to be more on par with the actual provision of system services.

Because the provision of system services occupies most of the time of system staff, the planning and evaluation process will demands involvement by librarians, lay representatives, and advisory council.

A Planning Timeline for Systems

Going beyond the theory of the planning cycle, it is possible to construct a timeline for systems which addresses the evaluation and planning phases of the planning cycle. The timeline will differ in alternate years because in even numbered state fiscal years, a zero base budget (also called the biennial budget) is formulated in addition to an annual plan of service for the upcoming year.

Suggested Planning Timeline for Systems

A. For even numbered fiscal years:

Date	Activity	Persons Involved
September 1	Questionnaires mailed to librarians and lay persons to gather opinion on the value of current system services and on the value of potential system services which might be offered during the upcoming biennium	MRC Director System Coordinator System Librarians Advisory Council/Exec Board Lay Representatives
September 30	Evaluation of prior fiscal year completed and mailed to librarians, advisory council, and lay representatives	System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
October 1	Questionnaires due back to system office	System Librarians Advisory Council/Exec. Board Lay Representatives
October 15	Questionnaire results compiled, summarized, and mailed to librarians, advisory council, and lay representatives	System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
October 31	Guidelines for Annual Plan of Service for upcoming year received by system, as well as guidelines for Zero Base Budget for upcoming biennium	TSL Staff Coordinator
November 1	Planning committee meetings begin (geographic committees, program area committees, or system-wide planning committee)	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives

December 1	Broad outlines of Annual Plan and Zero Base Budget arrived at in a consensus of MRC staff and planning committee members. System coordinator instructed to draft detailed Annual Plan and Zero Base Budget reflecting this consensus	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
January 15	Detailed Annual Plan and Zero Base Budget completed and submitted to advisory council for approval	MRC Director Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
February 1	Zero Base Budget due at TSL	MRC City Officials MRC Director/Exec. Board System Coordinator
February - March	TSL staff consults with system/MRC staff on Zero Base Budget	TSL Staff Coordinator MRC Director/Exec. Board
April 1	Annual Plan of Service due at TSL	MRC City Officials MRC Director/Exec. Board System Coordinator
April 30	TSL Biennial Budget Proposal approved by Commission and submitted to Legislative Budget Board	TSL Staff Commission LBB Staff
May - June	TSL staff consults with system/MRC staff on Annual Plan of Service	TSL Staff System Coordinator MRC Director/Exec. Board
July 1	Commission approves Annual Plan of Service	TSL Staff Commission
July 31	TSL mails contract(s) to MRC based on approved Annual Plan of Service	TSL Staff
August 31	Contract executed by MRC and returned to TSL	MRC City Officials MRC Director/Exec. Board System Coordinator

B. For odd numbered fiscal years:

Date	Activity	Persons Involved
September 1	Evaluation of prior fiscal year completed and mailed to librarians, advisory council, and lay representatives	System Coordinator System Librarians Advisory Council Lay Representatives
October 1	Questionnaires mailed to librarians and lay persons to gather opinion on the value of current system services and on the value of potential system services which might be initiated three years hence (Optional)	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
October 15	Guidelines for Annual Plan of Service for upcoming year received by system, as well as guidelines for System Long Range Plan	TSL Staff System Coordinator
November 1	Questionnaires due back to system office (Optional)	System Librarians Advisory Council/Exec. Board Lay Representatives
November 30	Questionnaire results compiled, summarized, and mailed to librarians, advisory council, and lay representatives (Optional)	System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
January 1	Planning committee meetings begin (geographic committees, program area committees, or system-wide planning committee)	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
February 1	Broad outlines of Annual Plan and Long Range Plan arrived at in a consensus of MRC staff and planning committee members. Coordinator instructed to draft detailed Annual Plan and Long Range Plan reflecting this consensus	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives

March 1	Annual Plan of Service and Long Range Plan drafted and submitted to advisorycouncil for approval	MRC Director System Coordinator System Librarians Advisory Council/Exec. Board Lay Representatives
April 1	Annual Plan of Service and Long Range Plan due at TSL	MRC City Officials MRC Director/Exec. Board System Coordinator
May - June	TSL staff consults with System/MRC staff on Annual Plan and Long Range Plan (if necessary)	TSL Staff System Coordinator MRC Director/Exec. Board
July 1	Commission approves Annual Plan of Service	TSL Staff Commission
July 31	TSL mails contract(s) to MRC based on approved Annual Plan of Service	TSL Staff
August 31	Contract executed by MRC and returned to TSL	MRC City Officials MRC Director/Exec. Board System Coordinator

Common Problems in Planning for System Services

The six most common problem areas in planning for system services are:

1) **Adequate coordination of planning efforts does not occur.** In order to ensure adequate commitment to carrying out plans, planning should be a year-round activity. Planning committees should be mobilized and time lines developed which encourage adequate participation by librarians and lay persons.

2) **Information and analysis made available to planners is insufficient.** In order for planners to carefully evaluate current services and possible future services, they will need to examine: a) statistical data and an analysis of that data, b) analyzed results of questionnaires designed to assess the desirability of current and proposed services, c) results of any system-wide research and analysis, such as collection evaluation studies, and d) the services provided by other systems in Texas or elsewhere. When this data is not available, or not provided, planning activity is stunted. The results may be the status quo, a redirection of system activities into areas which do not meet the actual needs of the membership, or some other result which will minimize effective and efficient allocation of system resources.

3) **Involvement by librarians, lay representatives, and advisory council members is insufficient.** It is crucial that the beneficiaries of system services have a major role in planning for those services. Systems which fail to involve these individuals run the risk of planning for services which do not meet the most important needs of the membership. Involvement is also necessary to avoiding dissension within the planning process. Perhaps most importantly, involvement builds commitment, both to the abstract mission of the system and to the specific objectives which result from the planning activities.

4) **There is a lack of critical and creative thinking applied to the planning process.** The role of the planner demands a highly critical attitude. This role involves questioning the effectiveness and efficiency of current services, finding solutions to problems which surface, addressing needs, and conceiving possible new areas of service. Failure to apply critical and creative thinking to planning for system services will result in ineffective, inefficient, and stagnant system programs.

5) **System plans fail to reflect a clear sense of mission and purpose.** Planning for system services cannot be done in a vacuum. Every planner must have a clear sense of the system's mission. Is it the system's primary mission to provide supplemental assistance to local libraries or to engage in cooperative activities? Is it the system's mission to demonstrate possible new areas of service in member libraries, or to support such services on an ongoing basis? When these kinds of questions are not addressed, the plans which result may not be a true reflection of the system's mission as perceived by its members.

   System projects may be inconsistent with the system's mission, or may be allocated resources at a level which is disproportionate to other projects more consistent with the system's mission.

6) **Planning documents submitted to TSL are lacking in sufficient clarity, depth, and detail.** Aside from pursuing the kind of planning process being recommended here, it is crucial that the resulting plans are fully documented so that they are readily understood by the system membership, library boards, local governments, and TSL. Biennial budget proposals must be capable of being communicated to the Legislative Budget Board and to the Texas Legislature. Documented plans which are lacking in clarity, depth, or detail will be hard for the membership and TSL to evaluate, hard for the system staff to implement, and harder still to "sell" to the Legislature. In this discussion it is readily evident that sound planning is the key to meeting system needs, to providing efficient services, to building consensus and commitment within the system, and ultimately to the realization of increasing resources to meet ever greater needs for system services.

IV. Other Operational Areas

The administration of systems involves other operational aspects which have not been specifically addressed in the preceding discussions in this chapter. Many of the procedures in these areas are largely dependent on practices within the municipality of which the system is a part. Still, there are a few general remarks that can be made concerning travel, record retention, personnel management, property management, and program income.

Travel

It is good budgeting practice to make a projection of travel planned for the upcoming fiscal year. Including these projections in the Annual Plan of Service will provide the Advisory Council, in particular, the opportunity to better evaluate this aspect of the Plan.

Generally, system travel by car is done either in personal vehicles or in city-owned vehicles. In the former case, system staff can be reimbursed at the prevailing city rate. System staff members who travel in their personal vehicles should be aware that they may be eligible for income tax deductions because their personal vehicles are used for business. Other income tax deductions may also be possible if travel is not fully reimbursed.

Record Retention

Record retention in systems is covered exhaustively in the *Procedures Manual: Guide to the Uniform Grant and Contract Management Standards*. Systems must adhere to a five year retention period. As the Procedures Manual points out, records subject to five year retention include financial records and documents, supporting financial records, statistical data, and other performance data. While the commencement of the retention period varies with the type of record, in general most system records should be retained five years from the submission date of the Annual Expenditure Report (October 31 following a given fiscal year).

Personnel Management

Management of system personnel is determined almost entirely by prevailing local practice. Systems are required however to maintain adequate documentation in support of personnel costs charged to the grant. In addition, systems must allocate personnel costs (salaries and fringe benefits) to each system project and document these allocations during the course of the fiscal year.

The *Procedures Manual* also provides extensive coverage of this area of system administration and gives a sample form which may be used by system staff to record time devoted to various system projects. System accounting practices must be based on the allocation of costs to projects and System Coordinators must monitor budget reports to ensure that projects requiring more personnel than anticipated will not require a budget amendment.

Property Management

Property management is a very complicated area in system administration. It is addressed in the Procedures Manual and all system staff having responsibilities in this area should be familiar with TSL requirements.

Aspects of property management in systems include:

- Securing prior approval for property acquisition as part of the Annual Plan of Service.
- Procuring property according to local procedures consistent with the Uniform Grant and Contract Management Standards.
- Submitting property inventory records to TSL when appropriate and maintaining adequate local inventory records as necessary.
- Maintaining a property control system to prevent the loss, damage, or theft of system property.
- Conducting inventories of non-expendable system property at least once every two years.
- Disposing of system property when necessary in accordance with TSL procedures.

The kind of system property in which all of these management practices will come into play is defined in the *Procedures Manual* as "non-expendable personal property" and includes all library materials and equipment with a unit acquisition cost of $300 or more and a life expectancy of one or more years. Equipment, books, films, videocassettes, and computer software are among the items which may fall into this category and are subject to strict property management requirements.

Property management can be an annoying and agonizing aspect of system administration unless adequate procedures are in place and maintained properly. When management practices and procedures are absent, break down, or are not implemented serious problems can develop in this area.

Program Income

Another aspect of system administration, which can cause some confusion, is program income. Program income is gross income earned by the system from grant supported activities. Some examples of program income are: income from the sale of equipment no longer needed, recovery of costs for sale of posters, catalogs, etc., and income from fines for overdue library materials. All program income must be tracked and credited to the project which generated the income. This area of system management is extensively discussed in Chapter V, "Program Income", of the *Procedures Manual.*

State Policies Affecting Library Systems

There are several state policies which guide activities by library systems. These policies stem from state statutes or from interpretations of legislative intent by the State Librarian or the State Library and Archives Commission. Interpretations can, of course, evolve over time so it is necessary that systems consult with State Library staff when they are uncertain about a particular matter.

Promotion of Library Associations. The State Auditor's Office has stipulated that library systems cannot use state or federal funds to promote memberships in professional associations or to promote attendance at professional association conferences. Systems can no longer publish conference registration forms or membership forms in their newsletters or solicit memberships in other overt ways.

The State Library staff has stated that it is permissible for systems to publish the general conference agenda and meeting times in the "continuing education calendar" sections of the system newsletters. Simply publishing this listing in the same way as they would publish news of other continuing education events would not violate state policy.

The staff has also determined that it is permissible for systems to distribute mailing lists of system member libraries, lay representatives, and council members for other groups to recruit members in professional organizations. In doing so, they are simply making information available upon request. Similarly, there is no restriction on verbal communications about professional associations when system staff consults with local librarians.

Lobbying Activities. The State Library and Archives Commission and the State Librarian have strongly discouraged system staffs from engaging in lobbying for a particular viewpoint. For example, using the newsletter as a medium to urge librarians to take a side on a legislative issue would be an inappropriate use of state funds.

However, there will be occasions when systems will publish information about the status of pending library legislation. Publishing information in a descriptive way and urging interested parties to be involved on either side of an issue can be considered a permissible use of the system newsletter.

Communications with members of the legislature are more appropriately handled by the MRC director using the letterhead of the MRC library or personal stationery. Generally city governments permit their department heads to lobby for favorable state and federal laws and funding; however, system staff shou'd check with the MRC director to determine if they are under any municipal constraints which would affect system actions.

To a large extent, legislators are far more interested in hearing from citizens than they are from librarians, who constitute a "vested interest group." It is preferable to have the system's legislative messages conveyed by members of the system advisory council and lay representatives, who legislators know are civic-minded citizens donating their time to the development of library services in the state.

Policies Affecting the Use of Property. The State Librarian and his staff are very concerned that non-expendable personal property (e.g., equipment, films, etc.) purchased with grant funds is properly maintained. Each system should have on file with the State Library policies for the use of system property by member librarians and by citizens. These policies should cover the loss or damage of property, including such areas as fines, replacement items, and reporting requirements. Items which are stolen must be reported to the police and a copy of the police report must be submitted to the State Library. Under state law, each subgrantee or its designate is pecuniarily liable for the abuse of property.

Additionally, the State Library requires policies for the use of equipment which might temporarily be circulated from the system office. The system is responsible for the proper use of the equipment even when the equipment is off the system premises.

Selling System Services or Products. Occasionally library systems will print or publish brochures, bookbags, or other public relations items which they wish to sell. It is perfectly legal for these items to be sold to the general public, to member librarians, to other systems. Similarly it is also legal for local libraries to sell materials (e.g., buttons, bookbags, etc.) which they received gratis from the system. If the materials are sold by the local libraries to their own patrons, the local libraries may keep the proceeds. If the system directly sells the items to local libraries, to citizens, or to other libraries in the state, the proceeds must be deposited into a system program income account. If the item was originally produced with state funds, then the proceeds would be deposited into a state account. As with all program income, the funds must be expended within the fiscal year it was earned or revert to the State Library as unobligated or unexpended fund balance.

The State Library, through its contract with each Major Resource Center, must receive a copy of all promotional items, and maintains the irrevocable right to reproduce the materials without payment of royalties. Therefore, the State Library could be distributing free of charge the same materials distributed by the system for a charge.

It is also possible for systems to copyright their original works and to collect royalties for the use of their works by others. The same provisions noted above would apply, namely, that the royalties would be deposited into a program income account and the State Library maintains the right to use the materials without the payment of royalties.

In previous years, systems have experimented with charging local libraries for certain system services. For example, one system provided libraries with a certain number of free films during the year. After they exceeded their limit, they were charged for additional use. Charging for system services is perfectly legal and in some cases might be the only way in which you could finance a particular service (e.g., automation projects are usually shared costing efforts). However, you must weigh the probable financial benefits against the implications of a lower level of participation.

Systems have frequently asked if they could charge registration fees for workshop attendance. There is no prohibition against such a charge.

Another question arising occasionally from systems is whether systems or the local libraries can charge patrons for the use of library materials or equipment purchased with system funds. Both library systems and local libraries are prohibited from charging the public for the use of library materials (e.g., videocassettes, books, etc.). The general public may be only assessed for those services which are specifically enumerated in the Rules and Regulations, Rule 1.72. Because deposits or fees for the use of equipment are permitted in this rule, it is possible for either the system or the local library to charge for equipment use. Similarly, it is possible for the system to charge the public for data base reference searching, if the system were sponsoring a Reference Back-Up project. The system should evaluate the financial benefits against the probable negative impact on usage.

Attendance at State Library Meetings. This is a particularly difficult question to answer since there are conflicting policies. While OMB Circular A-87 specifically disallows the use of grant funds for lobbying, it states that travel funds may be used to reimburse individuals' attendance at meetings where public policy may be set. Travel is not subject to the prior approval of the State Library; it is purely a matter for local MRC policy. However, the State Library and Archives Commission has repeatedly stated its preference that System Coordinators not be highly visible in Commission, LSA Advisory Board, and LSCA Advisory Council meetings. While the Commission does not want to suppress public comment or input, the Commission is more interested in hearing from practicing librarians and citizens. The Commission regards system staff as "staff" as much as State Library staff. While staff recommendations in writing prior to the meetings are helpful and considered, the staff's role is basically to support local librarian and citizen efforts by providing them with the information to formulate their own independent opinions.

In past years, a few System Coordinators have traveled to Commission meetings and advisory board meetings, usually at personal expense and on personal leave from their positions. The State Library would not previously grant prior approval to travel requests to attend Commission meetings. However, granting approval for such travel is now the responsibility of the MRC director.

Paying Travel Expenses of Lay Representatives and Librarians. The State Library has disallowed the payment of expenses for lay representatives to system meetings for two reasons. The Library Systems Act clearly provides for the reimbursement of the necessary and actual travel expenses for system advisory council members, but not for lay representatives. Not only would reimbursing lay representatives to system meetings be expensive, but it is clearly outside the parameters of legislative intent.

By the same token, the State Library has resisted efforts by systems to pay for the travel expenses of librarians and lay representatives to system committee meetings and workshops. This restriction has been based on the restrictions placed in state law limiting travel reimbursement to only employees and members of statutorily authorized councils. In the case of the library system, only system staff and system advisory council members fall into these categories. In spite of these points, the State Library has, in the past, granted prior approval for travel in a few cases. Lay representatives as well as system advisory council members were reimbursed for numerous conferences orienting system advisory council members. Librarians were reimbursed their travel costs to workshops such as Basic Skills, where the training period was for a relatively lengthy period of time (at least three days). Permission was granted in these cases where it appeared that the training was sufficiently intensive and beneficial to the system goals to warrant the expenditure of system dollars. However, each case was decided on its own merits.

Currently, the State Library does not control the approval of travel requests. Instead, the policies of the Major Resource Center determine whether specific costs are allowable. However, systems are expected to exercise considerable discretion in the use of travel authorizations for member librarians and lay representatives. Because of the legislative intent mentioned above, unwarranted use of travel expenses could create a problem.

Whenever the system reimburses travel of member librarians, lay representatives, or council members is reimbursed, the State Library recommends that the system reimburse the individual, and not pay the hotel or restaurant directly. There are several rulings by the Attorney General's Office prohibiting the expenditure of state funds for food services or beverages. To avoid any potential auditing problems, each system should institute a voucher process, in which the non-MRC employees record their expenses and submit a voucher following the trip. However, each system should keep in mind that their travel and travel reimbursement policies must conform to the practices of their MRC municipality.

Expenses of Librarians for Professional Development. A number of situations fall into this category. Examples are the payment of membership fees to professional organizations (e.g., Texas Library Association); payment of travel expenses for member librarians or council members to professional association meetings; and payment of travel expenses to support librarians taking professional courses under the auspices of a system Tuition Reimbursement Program.

None of these examples would be allowed by policy set by the State Library. The case of payment of membership fees to TLA and other similar organizations would fall under the recent State Auditor's opinion which prohibited the use of state funds to promote professional organizations. Similarly, the same State Auditor's opinion would prohibit the payment of registration fees or travel expenses to professional meetings.

The third example is a little more difficult, since the payment could be construed as necessary for an individual to take a course from a library school accredited by the American Library Association. Under most policies, the system would reimburse the library school tuition after the course was successfully completed by the student. It is the opinion of the State Librarian that the Tuition Reimbursement Program should be limited to tuition reimbursement and that other expenses are the responsibility of the individual.

Professional Services Contracts. Every system should ensure that contracts are let with workshop speakers and other professionals for the services they are rendering the system. While the agreement need not be excessively formal, it is essential for the protection of the contractor and the system that all the requirements and understandings be documented fully in writing.

When reimbursing workshop speakers, for example, the system should consider the reimbursement as a professional service, or contractual service, not as travel or per diem. In most accounting systems, expenses charged to the travel account include the travel expenses of system staff and system advisory council.

Occasionally, if the system requires the services of a member librarian as an expert consultant or as a representative of the system, the possibility of entering into a professional services agreement might be considered. If the expertise or resources of the individual are so needed, consider specifying in writing the service being rendered and the method proposed for providing compensation for the service.

Consulting Services to Other Systems. Occasionally a staff member in one system is asked to provide consulting services or to conduct a workshop in another system. If the staff member is receiving reimbursement for travel and per diem expenses only, then the employing library has the option of allowing the staff member to use work time or to require the individual to use vacation. If the staff member will receive a consulting fee, then the employing library should require that vacation time be taken. In either case, the staff member must carefully assess the requirements of the employing library regarding the use of work time to research, plan for, or document the training or consulting project.

Fees and Fines for Material or Equipment Usage. Some systems require that patrons keeping films or equipment out beyond their due date must pay a fine. If the system has such a policy, the revenue must be deposited into a program income account. In addition, the deposit of the funds into a program income account would apply to fines paid both by the patrons of the MRC library and by patrons of member libraries.

If the system does not have a policy regarding fines for overdue films or equipment, then any fines collected by the member libraries or by the MRC would remain in the custody of the libraries. The system would not be entitled to the program income when the system has no such overdue fine policy.

If the system has an overdue fine policy, and the film program is jointly funded by both the MRC with city funds and by the system, then the proceeds from the fines would be prorated between the city and the system. Examples of how this proration might occur may be found in Section VI., "Program Income", of the *Uniform Grants and Contract Management Standards Procedures Manual*. Both the fines from the MRC patrons as well as from the patrons of member libraries would be subject to this proration.

Other. In an opinion, the Attorney General has reaffirmed the unallowability of paying for food and beverage with state or federal funds as stated in Circular A-87. An auditor should take exception to any expenditure of system funds for food or beverage service, or for restaurant services. The MRC may reimburse the expenses of staff or the system advisory council based on vouchers or some other means of itemizing costs. However, the shortcut cannot be taken of directly paying for meal expenses, even though only system staff and system advisory council members attended the meal function. Similarly, grant funds cannot be used to pay for coffee and donuts at system meetings.

In a separate opinion, the Attorney General ruled that entities of state government cannot use state funds to distribute holiday greetings such as Christmas cards. Generally, if you wish to deliver a holiday message to your constituency, you may do so as a paragraph in your newsletter or in a letter containing substantive information about the system.

V. Calendar of Contract and Reporting Dates

The following calendar includes dates for submitting applications and reports to the Texas State Library. The *Uniform Grant and Contract Management Standards for State Agencies* stipulate that the Texas State Library may not require reports to be submitted more frequently than quarterly. However, TSL staff would appreciate each system submitting their monthly Standardized Reporting Form and their Local/Systems Objectives Report each month. It is crucial that Key Performance Target reports be submitted promptly on the dates specified in the contract. These reports are needed to prepare the Annual Performance Report for the Legislative Budget Board.

September

	Activity	Date
1.	Beginning of the state fiscal year. System contracts for the state fiscal year are due to TSL with signature of the MRC's governing authority	1
2.	System grant start-up date	1

3.	All other grant programs start-up date (Interlibrary loan, Title III, Establishment, Disadvantaged)	1
4.	Systems Standardized Reporting Form due at TSL covering statistics for the last month of preceding fiscal year	6
5.	Local/System Objectives Reporting Form due at TSL covering statistics for the last month of the preceding fiscal year	6
6.	Key Performance Targets Reporting Form due at TSL covering statistics for the last quarter of the preceding fiscal year	6
7.	TSL publishes Annual Performance Report submitted to the Legislative Budget Board	19
8.	Financial Status Report due to the State Library for the fourth quarter of the preceding grant year covering the period June 1-August 31	25
9.	Systems annual evaluation report for the preceding fiscal year due at TSL	25
10.	Workshop reporting forms due to State Library for previous workshops (if not submitted immediately following the event)	25

October

	Activity	Date
1.	Beginning of federal fiscal year	1
2.	TSL LSCA Long Range Plan, Annual Program, and Basic State Plan due to the U.S. Department of Education	1
3.	Systems Standardized Reporting Form due at TSL covering statistics for the first month of the state fiscal year	6
4.	Local/Systems Objectives Reporting Form due at TSL covering statistics for the first month of the state fiscal year	6
5.	In odd-numbered calendar years, TSL prepares guidelines for biennial budget (zero base budget) and mails to MRC directors, System Coordinators, and system advisory council chairs	15

6.	TSL prepares Annual Plan of Services Guidelines and mails to MRC Directors, system coordinators, and system advisory council chairs	15
7.	All funds from the preceding fiscal year must be spent	31
8.	Final Financial Status Report due to the State Library for the preceding grant year. This report provides information on expenditures made in September and October from the prior year's grant	31
9.	Property Inventory Record listing all equipment, audio visual materials, and library materials must be submitted for items costing $300 or more per unit and purchased with grant funds from the prior year's grant	31

November

	Activity	Date
1.	Systems Standardized Reporting Form due to TSL covering statistics for the second month of the state fiscal year	6
2.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the second month of the state fiscal year	6
3.	TSL mails guidelines to system coordinators, MRC Directors and other interested persons for the Establishment, Title III, MURLs, and Disadvantaged grants.	15
4.	First quarter of the current state fiscal year ends	30

December

	Activity	Date
1.	Systems Standardized Reporting Form due to TSL covering statistics for the third month of the state fiscal year	6
2.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the third month of the state fiscal year	6
3.	Key Performance Targets Reporting Form due at TSL covering statistics for the first quarter of the state fiscal year	6

4.	Financial Status Report due to the State Library for the first three months of the current fiscal year (September 1 - November 30)	31
5.	TSL submits LSCA Annual Report to the Department of Education	31

January

	Activity	**Date**
1.	Systems Standardized Reporting Form due to TSL covering statistics for the fourth month of the state fiscal year	6
2.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the fourth month of the state fiscal year	6

February

	Activity	**Date**
1.	Systems must submit zero base budgets for the next biennium to TSL with system advisory council concurrence	1
2.	Systems Standardized Reporting Form due to TSL covering statistics for the fifth month of the state fiscal year	6
3.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the fifth month of the state fiscal year	6
4.	TSL completes LSCA Annual Program and LSCA Long Range Plan	28
5.	Second quarter of the current state fiscal year ends	28

March

	Activity	**Date**
1.	Systems Standardized Reporting Form due to TSL covering statistics for the sixth month of the state fiscal year	6
2.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the sixth month of the state fiscal year	6
3.	Key Performance Targets Reporting Form due at TSL covering statistics for the second quarter of the fiscal year	6
4.	TSL publishes Semi-Annual Performance Report submitted to the Legislative Budget Board	19

5.	Systems evaluation report covering the first six months of the current state fiscal year due to TSL	25
6.	Systems Workshop Reporting Forms due to TSL for the preceding six months (if not submitted immediately following the events)	25
7.	Financial Status Report due to the State Library for the period November 1 - February 28	25
8.	Annual Report/System Membership Application forms mailed to public libraries	31

April

	Activity	**Date**
1.	System annual program of service is due to TSL	1
2.	Systems Standardized Reporting Form due to TSL covering statistics for the seventh month of the state fiscal year	6
3.	Local/Systems Objective Reporting Form due to TSL covering statistics for the seventh month of the state fiscal year	6
4.	TSL completes its zero base budget for the next biennium	15
5.	Last date for public libraries to submit their annual reports in order to be considered for system membership	30

May

	Activity	**Date**
1.	Systems Standardized Reporting Form due to TSL covering statistics for the eighth month of the state fiscal year	6
2.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the eighth month of the state fiscal year	6
3.	LSCA Advisory Council on Libraries reviews and acts on LSCA Annual Program, Long Range Plan Update as prepared by TSL staff and recommends funding for competitive grant projects	30
4.	TSL staff sends initial staff review of Plan of Service to System Coordinators and MRC Directors	31
5.	Third quarter of the current state fiscal year ends	31

June

	Activity	Date
1.	Last date by which TSL will process a prior approval request for purchase of data processing equipment or services.	1
2.	Systems Standardized Reporting Form due to TSL covering statistics for the ninth month of the state fiscal year	6
3.	Local/System Objectives Reporting Form due to TSL covering statistics for the ninth month of the state fiscal year	6
4.	Key Performance Targets Reporting Form due at TSL covering statistics for the third quarter of the state fiscal year	6
5.	Financial Status Report due to the State Library for the period March 1 - May 31	25
6.	Texas State Library and Archives Commission meets to approve grant program recipients and to adopt the LSCA Long Range Plan Update and Annual Program	30

July

	Activity	Date
1.	Systems Standardized Reporting Form due to TSL covering statistics for the tenth month of the state fiscal year	6
2.	Local/System Objectives Reporting Form due to TSL covering statistics for the tenth month of the state fiscal year	6
3.	TSL mails contracts to MRC Directors (with copy to system coordinator) for next fiscal year's system plan of service	31
4.	Final date for revising the public library annual reports to be considered for system membership	31

August

	Activity	Date
1.	Final date for submitting requests for prior approval costs, excluding data processing services and equipment.	1
2.	Systems Standardized Reporting Form due to TSL covering statistics for the eleventh month of the state fiscal year	6

3.	Local/Systems Objectives Reporting Form due to TSL covering statistics for the eleventh month of the state fiscal year	6
4.	Final requests for budget revisions due to TSL in order to allow sufficient time for local encumbrance. This excludes prior approval costs	15
5.	All federal grant funds must be encumbered	31
6.	Fourth quarter of the current fiscal year ends	31
7.	TSL certifies list of system members for the next fiscal year	31

The following additional reports should be included on your system's calendar:

1. The audit of grant funds, which is due to TSL 180 days following the close of the MRC's local fiscal year.

2. Property disposition forms, are submitted to TSL following disposition of non-expendable personal property.

3. An inventory of all non-expendable personal property is conducted every two years. Each system determines the status and condition of grant-purchased property. The inventories are mailed in odd numbered years on the following schedule:

	Date Mailed	Date Due
Equipment and Materials	May	February
Audio Visuals	December	September

5. Workshop packets should be filed with the State Library following each workshop. TSL's Library Science Collection retains these packets for use by all systems.

6. Systems must collect copies of their promotional materials and submit them with the final evaluation report.

7. TSL mails annual reports to Texas public libraries to be used as the basis for accrediting public libraries. These forms are mailed to each library following the close of the library's local fiscal year.

CHAPTER FIVE

Essential Documents for System Management

This manual provides an introduction to and overview of Texas library systems. There are several other documents published by TSL which contain rules, regulations, guidelines, standards, and other information that must be used to guide the management of a system. This chapter briefly describes the kinds of information found in each and lists the appropriate staff member to contact for clarifications. This chapter also includes a section on working documents which each system produces.

The Library Development Division maintains a library science collection which is available for lending to any state resident interested in library service as well as library staff. The LSC Librarian, Anne Ramos, will be glad to provide background reading or specific information as needed. Copies of most of the documents mentioned here are available through the LSC.

I. State Documents

Library Systems Act and Rules for Administering the Library Systems Act. This publication contains the text of the Library Systems Act (Vernon's Texas Code Annotated, Government Code, Chapter 441, Section 441.121) and the LSA Rules (Texas Administrative Code, Title 13 - Cultural Resources, Part I - Texas State Library and Archives Commission, Chapter 1 - Library Development - Library Systems Act). The Rules are divided into four sections:

(1) Standards for Accreditation of a Major Resource System of Libraries: This section states the requirements and obligations of administering a major resource system.

(2) Minimum Standards for the Accreditation of Public Libraries: This section states the requirements which must be met by a public library in order to be a system member.

(3) Grants: System Operation, Incentive, Establishment and Equalization: This section details the policies and procedures for different types of grants.

(4) System Advisory Council: This section presents the policies regarding membership of an advisory council.

Revised editions of the *LSA and Rules* are issued as necessary when changes are made in the statute or the rules, generally every year or two. Bell Clarke, Statistics Assistant, can answer procedural questions regarding system membership applications and qualifications and county librarian certification. Policy questions on interpreting the rules should be directed to Mark Smith, Library Systems Administrator.

Uniform Grants and Contract Management Standards Procedures Manual. This publication contains the procedures necessary for systems and other grantees to be in compliance with the Uniform Grants and Contract Management Standards, issued by the Federal Government and adopted by the State for administering state as well as federal grants. Topics covered are:

1) Basic Cost Principles
2) Documentation of Time and Attendance
3) Allocation of Costs to Projects
4) Record Retention
5) Program Income
6) Standards for Financial Management Systems
7) Financial Reporting
8) Budget Revision Procedures
9) Grant Close-Out, Suspension, and Termination
10) Application for Assistance
11) Property Accounting and Management Standards
12) Procurement Standards
13) The Single Audit

System Coordinators, MRC Directors, and MRC and city financial staff will generally be more concerned with the *Uniform Grants and Contract Management Standards* than System Advisory Council members. However, the Standards do affect how projects can be carried out by the systems and must be taken into consideration when planning the system program and budgeting. Questions concerning grants management should be directed to Sharon Conable, Grants Administrator.

Biennial Budget Guidelines. In odd-numbered calendar years, the Texas State Library prepares guidelines for the system's biennial budgets (zero base budgets) which are mailed to MRC directors, coordinators, and system advisory council chairs. The *Guidelines* and the system biennial budget prepared under them provide the parameters for the annual plan of service and operating budget of the system.

In addition to the amount of funding for several contingency funding levels in each year of the biennium, the *Guidelines* also include:

1) instructions for filling out the forms which constitute the Biennial Budget plan: currently, the Activity Decision Package (including Narrative, Budget by System Project, and Budget by Expense Category), the Performance Targets for Library Systems, and the System Personnel Form.

2) the standard project categories and the kinds of costs which should be assigned to each project (currently Administration; Automation; Books-by-Mail; Collection Development; Consulting; Continuing Education; Film Services; Limited English-Speaking Services; Literacy; Publicity; Rotating, Deposit, and Extension Services, Services to the Elderly, Unserved Counties, and Videocassette Services).

3) a list of the required components of the Biennial Budget Plan.

Guidelines for systems projects may also be included; the *Guidelines* for the 1996-97 biennium include guidelines for Automation projects.

Procedural questions on the *Biennial Budget Guidelines* should be addressed to Sharon Conable, Grants Administrator (512-463-6626); policy questions to Mark Smith, Library Systems Administrator (512-463-5527).

Plan of Service Guidelines. In October of each year TSL prepares *Plan of Service Guidelines* and mails them to MRC directors, system coordinators, and system advisory council chairs. The *Guidelines* provide an estimate of the amount of funding available for the next fiscal year for each system and the applicable performance targets from the biennial budget. The *Guidelines* also include:

1) instructions for filling out the Application for Assistance, the basic application for grant funds;

2) the kinds of costs which should be assigned to each project (currently Administration; Automation; Books-by-Mail; Collection Development; Consulting; Continuing Education; Film Services; Limited English-Speaking Services; Literacy; Publicity; Rotating, Deposit, and Extension Services, Services to the Elderly, Unserved Counties, and Videocassette Services);

3) the rules and guidelines contained in other documents which will govern system operation for the year being planned for; and

4) a list of the required components of the plan of service.

Guidelines for systems projects may also be included; the current *Guidelines* include guidelines for Literacy and Automation projects.

Questions on the *Plan of Service Guidelines* should be addressed to Mark Smith, Library Systems Administrator (512-463-5527).

Long Range Plan for Statewide Library Development. The *Long Range Plan* is revised by TSL each year, reviewed by the Library Services and Construction Act Advisory Council, approved by the Texas State Library and Archives Commission, and submitted to the U.S. Department of Education as part of the State's application for Library Services and Construction Act funds. Although the plan covers three years, it is revised annually.

The plan contains, in addition to a description of the mission and goals of the Library Development Division:

1) detailed objectives and tasks to be accomplished in support of the current major goals;

2) need indicators and estimated costs for each of the tasks;

3) the Automation and Resource Sharing Plan;

4) copies of the forms and reports used to evaluate the programs;

5) procedures for disseminating information on the Library Services and Construction Act program and coordinating them with institutions of higher education and public schools;

6) policies and procedures for allocating Title I, Title II, and Title III funds.

Besides the overview it gives of TSL planning for library development in Texas, the *Long Range Plan* is valuable for the statistics in the need indicators section.

Technical questions on the Long Range Plan should be addressed to Sharon Conable, the Grants Administrator (512-463-6626). Policy concerns should be addressed to Ed Seidenberg, Director, Library Development Division (512-463-5459).

Annual Program. The *Annual Program* is written by TSL each year, reviewed by the Library Services and Construction Act Advisory Council, approved by the Texas State Library and Archives Commission, and submitted to the U.S. Department of Education as Texas's application for Library Services and Construction Act funds.

In addition to the Standard Application for Federal Assistance. The Annual Program includes:

1) Fiscal information on the amounts Texas intends to spend in each LSCA title, by federal priority categories and by sources of funds; on maintenance of effort in state and local funding for library development, state support of services to institutions and the physically handicapped, and allocations of federal funds to Major Urban Resource Libraries; and on provision of matching funds for Title II (construction) funds

2) Descriptions of the program of the Library Development Division, arranged by federal priority;

3) Copies of grant applications guidelines for all Library Development Division projects.

Questions concerning the Annual Program can be addressed to Sharon Conable, Grants Administrator (512-463-6626).

Texas Public Library Statistics. *Texas Public Library Statistics* is a compilation of the information submitted by local public libraries as on their applications for system membership. It contains:

1) a directory of the current members of the Texas State Library and Archives Commission, Library Services and Construction Act Advisory Council, Library Systems Act Advisory Board, and the administration of the Texas State Library;

2) a map of Texas Library Systems;

3) directories of major resource library directors, system coordinators, interlibrary loan centers, regional historical resource depositories, Texas state document depositories, and Texas public libraries and branches;

4) statistics on public library resources, services, expenditures and personnel by library;

5) Summary information organized by population group, system, county and statewide totals.

II. System Working Documents

During the course of a year, MRC Directors and Coordinators are called upon to complete several important documents. The documents are listed here with a description, a discussion of why they are necessary and, where appropriate, some suggestions for preparation.

Certification of Advisory Council Review

This is a one page form that must accompany any of the following documents that require Advisory Council approval when they are sent to TSL. Several of these blank forms are sent to Coordinators each year with instructions for completing the plan of service. The first part of the form lists the documents for which it is required. Check the appropriate one and give the form to the Chair, who will sign, date, and check the appropriate response. Keep a copy for your own records.

The document in question may have been reviewed at a membership meeting in which case the Certification can be signed on the spot. In another case, you may be acting on something that was approved at an earlier meeting. If the meeting minutes reflect Advisory Council Approval, the Chair may sign the Certification without consulting the rest of the Advisory Council again.

Long Range Plan

TSL requires systems to submit a multi-year plan. Currently the requirement is for a three-year plan to be submitted in alternate years from the Biennial Budget. There is no standardized format for this plan. It might contain a demographic description of the system, or history of library activity in the area, as well as long term goals and objectives. It should be specific enough to be useful in future planning but general enough to allow for creativity. A thorough long range plan is a useful resource for planning the biennial budget.

The development of the Long Range Plan should involve the system staff, constituent libraries and lay representatives. The Public Library Development process may be useful in determining the objectives of members and translating it into a plan of action. Although it is not necessary to completely rewrite the plan every year, it should be updated. You are encouraged to continue to plan five to six years in the future even though that is not required. Some new programs may require several years of advance preparation.

Biennial Budget

The biennial budget is your part of the budget of the State of Texas. Since the Legislature meets only every two years, the budget must cover a two-year period. The budget must be prepared to present to the Legislature in finished form. Since it must go through TSL and the Legislative Budget Board after it leaves your hands, you begin writing the biennial budget soon after you start spending under the current one.

In the past, the biennial budget was just an indication of how you wanted to spend your money. Your plan of service could deviate from the budget and the biennial budget needed no official sanction from your system members. Now, the biennial budget is a binding document that will form the basis of your Plan of Service. As such, it does require Advisory Council approval. It is due February 1 of even numbered years.

Texas uses a modified Zero-Based Budget (ZBB). This means that your budget is written at a lower level than your current operating budget, in our case, usually 10% lower. It is then increased in pre-determined increments until it reaches the maximum that we are requesting. Each level above the basic budget must describe the programs that will be added at that level.

Annual Plan of Service

The plan of service is your grant application, the budget for your grant, and will be your primary reference source throughout the year. It includes descriptions of all your programs, job descriptions for your personnel and qualitative and quantitative goals that you and your members have set for the year. It is an official and binding document that must be approved by your Advisory Council and your municipality.

The plan of service is the most complex and time consuming of all the annual documents. It is necessary to consult the membership through a questionnaire, membership meetings, or both, to determine their preferences. System staff, possibly working with committees, must determine how the money should be allocated to best achieve membership goals. The finished plan should be presented to the membership and the Advisory Council for approval. It is possible that changes might have to be made in the plan after final membership approval and on short notice. The membership should understand that the staff and the Advisory Council will make these changes based on the stated goals of the membership.

As with any budget, you may be working with three plans at one time: the one for the previous fiscal year which you are still closing out, the one for the current fiscal year under which you are working, and the one for the next fiscal year which you are planning. In most cases, your estimates of time and cost for next year's plan will be based on the previous year's plan.

The work on the Plan of Service may begin soon after the start of the new fiscal year. It takes time to survey members, develop programs and proceed through the approval process for your city. Your MRC Director will be able to assist you with the approval method you must follow.

Some years you may receive two grants, one state and one federal. You will still do one Plan of Service for the combined total of the two grants. The Plan serves as a grant application but it is not a competitive grant. You will know when writing the Plan approximately how much money you will receive and if your application is not satisfactory, it will be returned to you for corrections.

Contracts

When the Plan of Service has been approved by TSL, a contract will be drawn up. The contract will state the exact amount of money TSL will provide in return for the services detailed in the Plan. It will also list any special requirements such as audit and inventory procedures. The contract is signed by the Director of the State Library and must be signed by the authorized city official, usually the city manager. The contract will have to go through approximately the same steps as the Plan of Service to be approved by the city. Again, your MRC Director can tell you what must be done.

Not every system receives a federal contract every year but the total of state and federal funds available is used to determine how much money each system gets. Twenty-five percent of the total funds is divided equally among the ten systems. The remaining 75% is divided on a per capita basis. Two grants are more trouble to manage than one, so the federal grants are rotated. When possible, the federal grant is assigned only one or two of the larger expense categories such as collection development funds or equipment.

Contract Amendments

If, after the contract has been in operation, a change is required, this can be achieved by a contract amendment. This allows money to be spent in expense categories other than those specified in the original contract. Amendments must be approved by the MRC Director and the Advisory Council before TSL will consider them. In the past, amendments were approved routinely. This may not be the case in the future, so allow yourself plenty of time to make other plans if your amendment is not approved.

The request for a contract amendment can be made on a Prior Approval/Budget Amendment Request form and mailed to the Library Systems Administrator (Mark Smith). The form should clearly identify the expense categories and project involved in the transfer of funds. If necessary, correspondence and other supporting documents may be attached to the form. Contract amendments must be approved before August 31. If possible, submit them to TSL by August 1.

Scope Change

A scope change is a significant change in the Plan of Service after the Plan has been submitted to TSL. There are two types of scope changes. One involves a contract amendment. Either the budget section of the contract or the list of items for which prior approval has been granted needs to be modified. The MRC, with the approval of the Advisory Council, requests a contract amendment. (see Contract Amendments above.)

The second type of scope change does not affect the contract directly. It does, however, affect the program direction or emphasis such as changing the collection formula or other program guidelines, changing the target of a given project or adding or deleting workshop topics. Although this second type does not involve a contract amendment, it still requires approval of the Advisory Council. All scope changes will be handled like contract amendments and should be requested in advance. You will receive a letter from the State Library officially approving or disapproving the scope changes. These letters should be available for auditor review.

Statistical Reports

With the Plan of Service forms, TSL provides a Standardized Reporting Form and a form for Locally Determined Objectives. In addition Key Performance Targets Reporting Forms are provided with contract packets. These quantitative goals for the year are determined by each system and submitted with the Plan. Progress toward reaching these goals must be reported to TSL quarterly. Some systems still prefer to report monthly. TSL prefers to receive them monthly, even though they cannot require it.

Some systems submit these reports to the MRC, the board of the MRC, and the Advisory Council and the membership. Your MRC may require other regular reports as well.

Semi-annual and Annual Reports

After the end of the first six months, as well as at the end of the fiscal year, narrative reports are due at TSL. These reports cover each system's programs, problems, and achievements and how well the goals and objectives are being (or were) accomplished. The reports will be reviewed by TSL staff, state auditors, and the Department of Education. They should also be submitted to the MRC, Advisory Council, and system members.

The semi-annual report covers the first six months of the fiscal year and the annual report covers the entire year with emphasis on the last six months. Special attention should be given to areas where accomplishment fell far short of objectives or where objectives were greatly exceeded. They should also contain a special section on system services to the disadvantaged such as Spanish language programs or materials, services to the aged, literacy programs or the use of system films in local programs for disadvantaged groups.

Financial Status Reports

TSL requires quarterly financial status reports. These reports, especially the August 31 and October 31 are checked against the audit. Blank forms are supplied with the contracts. If you do not have to fill the forms out yourself, check with your MRC Director to see to whom the forms should be sent. If you do have to fill them out, your MRC Director or the fiscal manager for the city can tell you where to find the necessary information. Overdue reports will activate suspension of contract.

You should receive some kind of regular expenditure report from your finance department. Check this against your own records so that mistakes can be found while you still have the documentation readily available.

Inventory

TSL provides forms with the grant contract for the purpose of recording any items purchased with grant funds whose value exceeds $300. Along with the forms, you should receive a glossary of standard terms to use to describe the items purchased.

Information from these forms is kept at TSL and every two years you should receive a statement of all the items purchased with grant funds. There will be items on the inventory whose purchase price was as low as $50 since that was the previous minimum. When you receive the statement, you will need to account for all the items either as still in use or properly disposed of.

When an item is lost, stolen, sold or otherwise withdrawn from use, a property disposition form should be filled out and sent to TSL. Your inventory list will reflect information from the disposition forms as well as the inventory forms.

Audit

An independent audit is required for every state grant. Currently, the state is requiring a single audit. That is, all state grants must be audited together. You may have nothing to do with the audit. However, if unable to find certain necessary information in the Finance Department, the auditor may come to you. You should keep all financial records and pertinent program records for at least five years.

The audit is due at TSL 180 days following the close of the city fiscal year. Funds budgeted for the audit may be disbursed up until that time although all other funds must be disbursed by October 31.

Bylaws

Each system has its own bylaws describing how system business will be conducted. Certain elements are mandated by the Rules and Regulations. Others may be determined by each system. The Bylaws should be specific enough to give adequate guidance for system activities but general enough not to need updating each year.

The Bylaws can be updated whenever necessary. A system may have a standing committee to continually review procedures; a committee may be appointed periodically, or system staff may recommend revisions. In any case, the Advisory Council must approve all changes in the Bylaws.

Appendix

Advisory Council Members: Roles and Responsibilities

By Alice Ihrig

Prepared for the Regional Advisory Council
for West Texas, October 22-23, 1981

Each advisory council has its own job to do - and defining that job is part law, part librarian and part individual members. Advisory means to give advice, to make recommendations, to give information, to make suggestions, to counsel. This is an active - not passive - role that carries responsibilities and opportunities.

Responsibilities

1. To become knowledgeable of the area represented. (Know the territory so that opinions are based on first-hand information.)

2. To become knowledgeable of the library field - reading widely, scouting other libraries and other areas, sharing and soliciting ideas from many sources.

3. To devote adequate time and attention to the job. (Make the meetings, do the homework, make notes on what to contribute to discussions.)

4. To be representative of many rather than one's own library and community. This means asking questions from another's probable viewpoint and being concerned about effects on ALL.

5. To work diligently with the group to be involved in the best possible decisions. To work for implementation of what has been recommended. To serve as a giver of information to others.

Opportunities

1. To improve library service! A chance to put your talents to work in pursuit of the things you want in libraries for your people.

2. To speak for libraries and their role in the lives of the people - and to work for a higher priority for libraries in the totem of public services.

3. To have influence - through the information you bring to the group, through the ideas you generate, through the ideas you hear and relay.

4. To make a governmental unit work - not a small accomplishment in an era when all such units are subject to suspicion and criticism.

5. To bring about change - and to provide the means for coping with change.

6. To work with professionals on an equal level, where eager discussion and exchange result in programs of which lay and professional persons can be proud.

7. To practice representative skills - broadening your experience and knowledge beyond one community.

8. To see ideas develop and to participate in the process. To enjoy successes and learn from not-so-successful efforts.

Advisory Doesn't Mean Weak

Because advisory boards do not have the "powers" of administrative boards, they may view themselves as weak. This attitude leads to appointment of less interested trustees and to boards which do not even perform the advisory function.

SO - let's look at what ADVISORY means:

1. Advisory means that opinions are actively sought - by the librarian who is responsible for administration.

2. Advisory means that opinions are given freely - in the best spirit of representing community interests.

3. Advisory means that information is developed on both sides - by the librarian in order to generate knowledgeable opinions and by the board and its members in order to initiate as well as respond.

4. Advisory means opening up discussion about almost everything but the administrative decision making. Discussion is essential to understanding the functions, services, problems, progress, and future of the institution.

5. Advisory means understanding the distinction between administrative and advisory.

ADVISORY	ADMINISTRATIVE
How much staff do we have?	Recruiting and hiring staff
What are their strengths?	Determining abilities
What are their responsibilities?	Assigning jobs
What are our financial resources?	Facts about finances
Where does the money come from?	
How much money do we need?	Anticipatory figures
What do we do to raise more money?	Basic budgeting
What services are working well?	Honesty about successes and failures

What services are needed? What will new services cost?	Information on needs and the appropriate services to meet them
Where can cuts be made if needed?	Good record keeping and budgeting
How many people use our services?	Excellent statistics
What kinds of problems do we have in delivering services?	Presentation of problem areas Early sharing of problems
I'm hearing complaints.	Investigation and handling
Evaluation of general effectiveness.	Evaluation of staff and programs and sharing of this process
What can the council or board do to	Planning with the trustees forward this institution or program?

How to Avoid Rubber Stamping

People who accept positions on advisory boards often hesitate because they feel the role may be to rubber stamp decisions - to say O.K. without adequate information - to act without facts.

A board which doesn't want to be a rubber stamp should:

1. Discuss the role of the board and agree on what the board is supposed to do. Then put it in writing in a policy paper.

2. Insist on knowing in advance what decisions it will be asked to discuss, what kinds of recommendations it is expected to make.

3. Demand adequate information before confirming an action or agreeing on a plan. In an information age, librarians in administrative positions gather many facts before making their decisions. Ask for sharing!

4. Allow time to read background material or digest facts before concurring with the staff recommendations. Lay persons have different perspectives and may come up with most relevant questions which may change the first recommendations.

5. Consider the impact on ALL the libraries involved. Has the recommendation been weighed against criteria of how it affects each library?

6. Be sure that each recommendation with monetary implications has been tested for feasibility. Board members are good at seeing long range complications!

7. ASK QUESTIONS! The board will share any blame if something doesn't work; so be sure you ask any questions which bother you. Try to anticipate the questions others will ask you.

8. KNOW THE DETAILS - so you can relay the facts and figures to your local board and to other involved libraries, librarians and trustees. Ask for summary sheets of some of the new plans and actions so you are able to spread the word.

9. Vote on the basis of knowledge and understanding - and then stand behind the decision or recommendation of the majority. If the group has been well-informed, it is likely to make the best decision or reach the most necessary agreement.

10. Raise problems. Suggest opportunities. Be involved in planning and making strategy and anticipating what needs to be done. The board involved BEFORE the decision-making time is ready when action is timely.

Evaluating System Services

Advisory Boards are created partly to serve as evaluating groups - to assess the need for what is being done, the efficiency with which plans are carried out, the balance of costs and values, the satisfaction level to staff, patrons, members of the community, member libraries.

The process is called evaluation: to appraise, to determine the value of.

How does a board go about appraising the values of the services for which it is advisory - and therefore responsible?

1. Participate in the planning for new or expanded services. Thus boards will know the details of the service, the needs on which the service is based, the costs now and later and the criteria against which success should be measured.

2. Set criteria for success BEFORE the service starts (and later when changes are made).

   How will the service be measured?

   a) In quantity (such as number of books circulated by mail)

   b) In satisfaction of the patron (through surveys and listening and asking)

   c) In cost-effectiveness (which is one way of saying that the service should be worth what is put into it)

   d) In how it fits into the objectives and goals of the unit offering it

   e) In popular appeal and response

   f) In helping professionals to do a better job

3. Monitor the service. Even if the service is widely successful and soon, watch its progress, growth, cost, and ability to meet needs.

4. Change the service when it isn't working. Don't discard until you've tried to perfect.

5. Compare services and make some difficult judgements about the values. When you can't do everything, be sure that what you've selected to do is the best.

6. Allow for innovation. When ideas are new, they may be slow to take root. Give them time to grow. Be willing to risk both time and money on a good idea.

7. PROMOTE. Many good ideas wither with no spotlight - no enthusiasm -no publicity. Provide for the good start that an idea needs.

8. KEEP LOOKING for good ideas to try. Once there's a base of the most needed services, there's a tendency to stand pat. Always be alert for needed changes.